

## ***TAXES & SPENDING:***

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***WHO, WHAT, WHY, WHERE, HOW***

Here's where you can sell abroad **PAGE 76**

Labor experts urge new policies **PAGE 66**

States blunt federal grab for cities **PAGE 108**

These trends will change your job **PAGE 86**

# NEW ROYAL ELECTRESS

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hoped  
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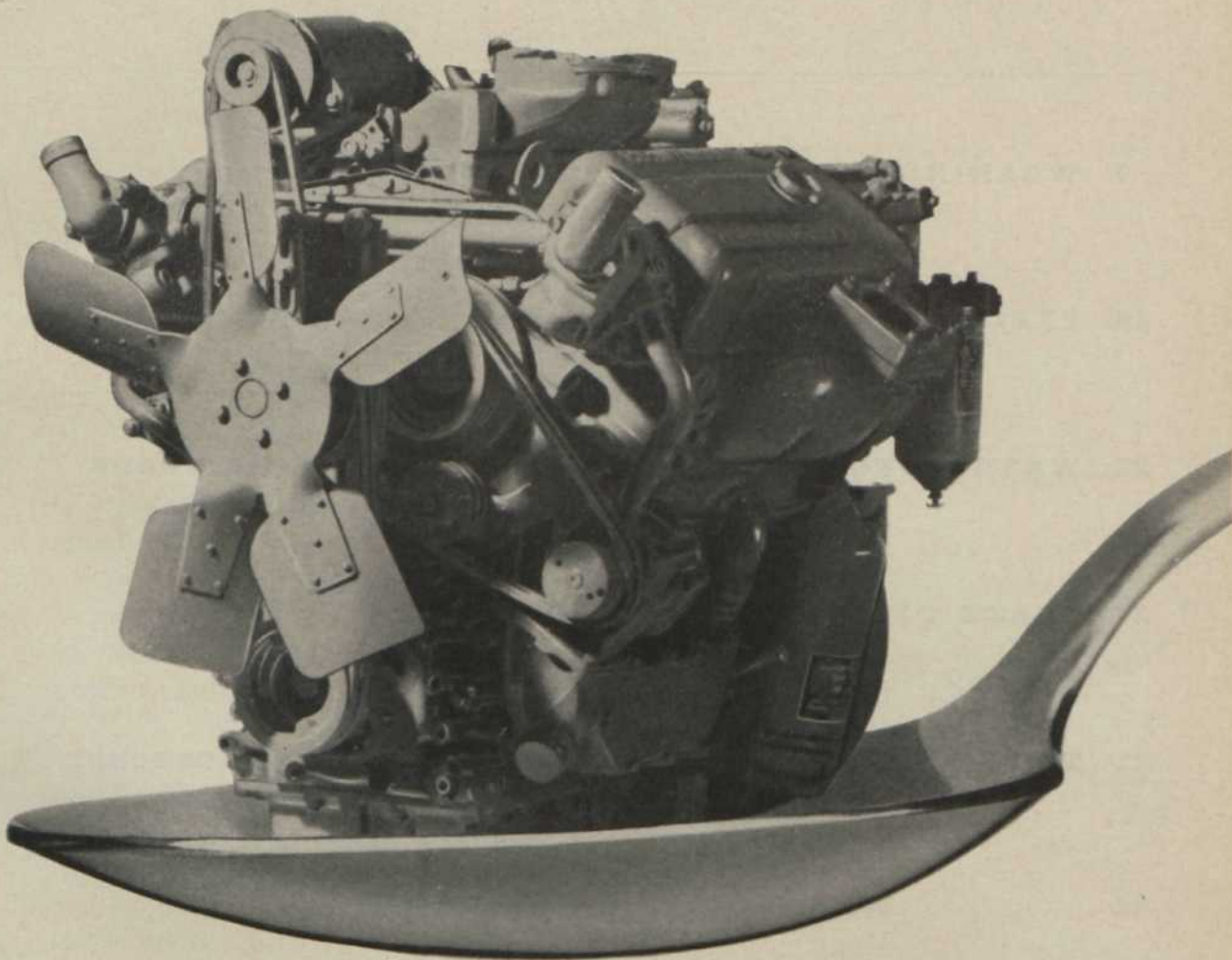
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# Nation's Business

April 1963 Vol. 51 No. 4

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Washington, D.C.

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# ***"Outdoor phones are an***

*says Richard S. Hendey, Mayor of White Plains, New York*



*Mayor Hendey points to aerial photograph of White Plains' Urban Renewal Project activated at start of his administration.*

Three years ago, as part of the local government's overall service program, White Plains asked the New York Telephone Company to install ten outdoor public phones on municipal property. The phones proved so popular, their maintenance so satisfactory, that within a year the City Council called for nine more. It is now selecting other strategic locations around the city for immediate installations, to keep pace with city expansion.

Officials such as Mayor Richard S. Hendey and Commissioner of Public Works Eric A. Andrews, and

members of the Civic and Business Federation are equally enthusiastic about locating public phones on city property.

"Commercial and industrial activity in White Plains is rapidly increasing," Mayor Hendey said, "but we want the town to remain a fine residential area, too. We are growing fast, but we believe that good service to the people will help us grow in the right direction. And public phones on city-owned property are an important part of the service picture."



# *important public service,"*



*Busy Mamaroneck Avenue has several phone installations such as this booth at the corner of the thoroughfare and Maple Avenue.*



*This double booth at intersection of Mamaroneck Avenue and Ridgeway by the Ridgeway Elementary School grounds started out as a single booth installation, was so heavily used that another booth was added.*

Revenue from the White Plains public telephones goes into the general city fund. It is used to meet needs that would otherwise have to be paid for with taxes. According to the mayor, the telephone commissions are like "found" money.

Whether your community's need is bonus funds for the budget or additional protection and service for the people, outdoor telephones on public property should be part of your planning. There are Walk-Up and Drive-Up phone models available in addition to the

popular Airlight booths selected for use in White Plains.

Let a Bell System Communications Consultant survey your city. He will take into consideration your traffic problems, your citizens' needs, your community's plans for the future when making his recommendations. Just call your local Bell Telephone Business Office.

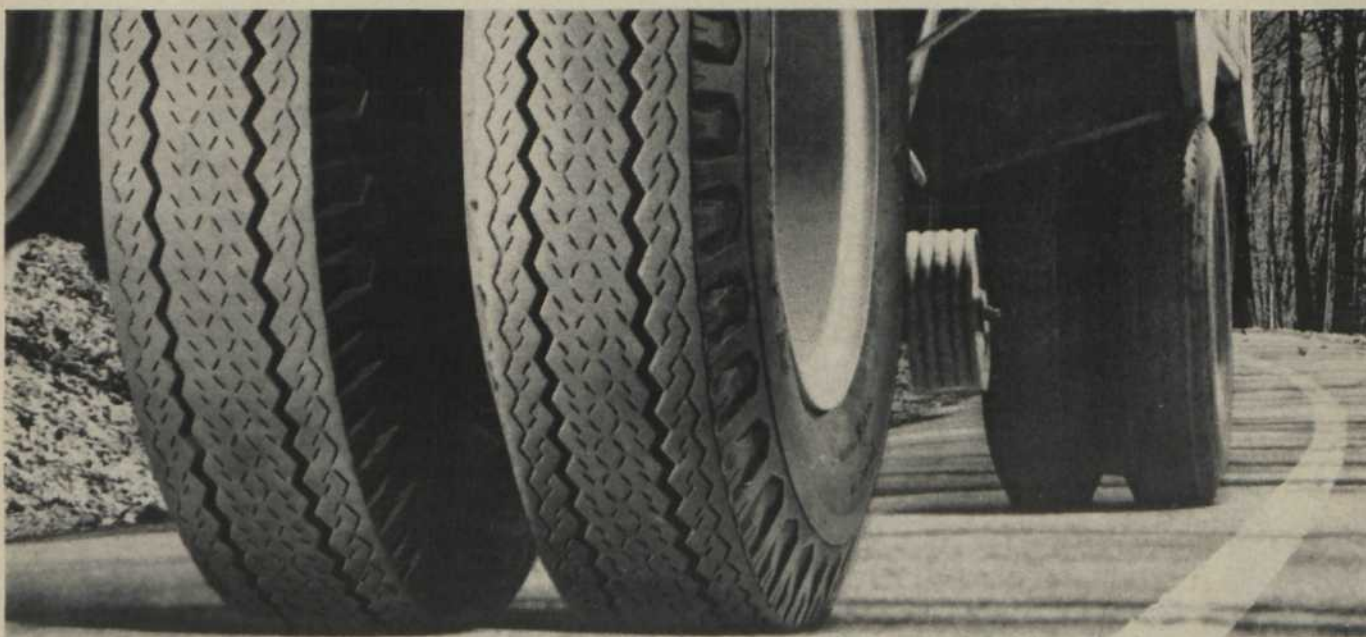


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# WASHINGTON BUSINESS OUTLOOK

**Trend-tracking specialists** spot early signs of new business speed-up.

Still too early to tell for sure, but probability is that business is running ahead at pace not previously expected before next fall.

This straw in economic wind shows up in new data being processed now by analysts. Watch for confirmation soon.

If trend continues, it could mean business will rise five or six per cent this year instead of four previously predicted.

Reason for rise: Consumers are buying autos and other consumer goods faster than expected.

**Economic flip-flopping** by topside government spokesmen confuses business outlook.

To help you keep future developments straight, here's a documentary on Administration's official views:

Stage 1—President tells Congress that business is rosy. This is mid-January.

"At home the recession is behind us," he said. "Well over a million more men and women are working today than were working two years ago. The average factory workweek is once again more than 40 hours; our industries are turning out more goods than ever before; and more than half of the manufacturing capacity that lay silent and wasted 100 weeks ago is humming with activity."

Stage 2—President says business outlook isn't so good. This is end of February.

We face recession "in the not too distant future," he said, unless Administration's tax program is approved.

"My opinion is that the alternative today is between keeping this economy moving ahead, and a recession, and in my judgment the best medicine for that recession is a tax reduction."

**You can discount recession talk.**

Economic advisers have charted no near-future business downturn.

Truth is trends are running in other direction. President first presented tax proposals as a way to get economy growing faster.

But widespread opposition to these proposals told New Frontier chieftains that this strategy wasn't working.

Reason: Administration's proposals fail to provide needed incentive for big expansion of new plant investment and modernization.

So Administration switched strategy.

New strategy involves attempt to convince the public that recession is just around the corner if New Frontier package isn't enacted.

This hasn't worked either.

So pessimism approach will be dropped.

**New tax ideas are coming soon.**

Alternate plan is being worked out on Capitol Hill by House Ways and Means Committee, details to be finalized in 30 to 45 days, maybe sooner.

Committee package will substitute several new ideas for controversial New Frontier proposals.

Watch for President, after trial-ballooning new ideas, to approve committee plan.

**Two-part spending control battle** shapes up as prelude to big tax fight.

Part one, coming soon, will involve new federal debt ceiling for fiscal '64. Watch for Congress to set new ceiling below Administration's asking level.

Part two is expected to stretch throughout most of summer. It'll involve appropriations to pay Uncle Sam's way through \$99 billion fiscal year that starts July 1.

Chances are that less will be approved.

**Capitol Hill insiders think Congress** won't vote on modified tax package before Labor Day.

Three-stage reduction proposed by President



is likely to be scrapped. One-shot cut is more probable, effective date next January. President proposed some tax increases. About half of these may be approved, amounting to \$1 billion or more.

Net reduction? Anybody's guess.

But remember: This is how it looks in Capitol corridors at April-shower time.

Situation is fluid. Big changes in tax thinking could come overnight.

Congressmen will try to mold kind of legislation they think will have widest voter appeal.

That means congressmen are paying attention to their mail—letters from citizens such as you. (See page 34 for report on congressional mail.)

Nation's Business will keep you informed as new ideas unfold, help you follow tax debate throughout legislative session.

#### **New landmark for wages coming soon.**

It's good guess that average pay for factory work will reach an even \$2.50 an hour about six months from now.

Industries will have more than 16.6 million workers getting that average.

Meaning for all American business is this:

Pay in U. S. is expected to go up about four

per cent this year. That's about same increase as past year. Includes no fringe costs.

#### **Employment will rise**—so will unemployment.

Here's a sample of what's to come:

High-school graduates this year will number approximately five per cent above past year.

Next year's number will go up an estimated 17 per cent.

More to come in other years ahead.

While college enrollments will be rising, so will number of youngsters looking for work.

Almost twice as many people will join work force this year as average in recent years.

Some will get jobs.

Others won't.

Unemployment is sure to rise, big jump coming when school year ends.

This previews the future—job applicants outpacing job opportunities, especially for youngsters who drop out of school before graduation and those without work skills.

Billions in risk capital will be needed in years ahead to expand job opportunities.

This is one good reason why businessmen support tax reduction and reform that will restore incentive for job-creating investment.

#### **Serious shortage of workers** shows up in some regions of the country.

Workers are scarce even in some pockets of unemployment. Details on page 95.

#### **Prospects for key business indicators:**

Factory output—Slow over-all rise ahead, bigger increase coming in production of non-durable goods.

Investment—Small increase expected from past year's record outlay for new plant and equipment, rate of spending rising more in fall.

New homes—Small decline probable in number of houses, increase for apartments, rise ex-

#### **FACTORY PAY TO REACH LANDMARK \$2.50 AN HOUR**

\$1.00 an hour average in '44

\$1.50 was new high in '51

\$2.00 pay was recorded in '57

\$2.50 expected in '63.



# WASHINGTON BUSINESS OUTLOOK

pected in total dollars spent for new construction and home alterations.

**Churches**—Americans will build \$1 billion worth of new churches this year, fraction higher than last year.

**Hospitals**—Big rise of past year expected to carry on.

**Schools**—Good rise shapes up for construction of new classrooms.

**Foreign markets for U. S. goods** are growing.

Exports are expected to rise from past year's record volume.

On page 76 you'll find details about products most wanted in world market, where best selling opportunities are. It's newest information available, exclusive in Nation's Business.

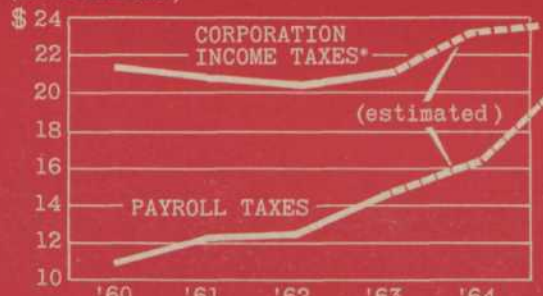
**Time coming when payroll taxes**—collections for social security, jobless pay funds—will overtake corporation income taxes?

Could be. Trend is moving rapidly in that direction (see chart).

Uncle Sam this year will collect couple billion dollars more of these taxes than last year. Next year's total will be up almost that much (projected by Budget Bureau).

## CORPORATION TAXES CONTINUE SHARP RISE

(in billions)



\*Federal collections only

New total next year will be almost double collections as recently as four years ago.

Corporation income taxes during same period are up less.

Reason is that business earnings, averaged out year after year, aren't keeping pace with expanding sales volume. Means businessmen run harder just to stay even. High taxes minimize profit improvement that can be achieved.

Government's corporation tax estimate for year ahead (shown on chart) is probably too high. It's based on government guess that profits will go up.

But industry economists tell Nation's Business that they look for only a small increase in earnings this year.

**Fiscal riddle:** What's going up faster—defense spending or outlays for civilian programs?

Turn to page 36, "Where the Money Goes."

**If you need a speaker** for a program you're planning, here's a helpful suggestion:

There are 76 knowledgeable men—one near you—available across the country to talk without charge on such subjects as national and state labor legislation, personnel practices, federal wage-fixing, right-to-work laws, other industrial relations topics.

For information about the speaker nearest you, write to: "Let's Talk About Labor," Chamber of Commerce of the United States, 1615 H Street, NW, Washington 6, D. C.

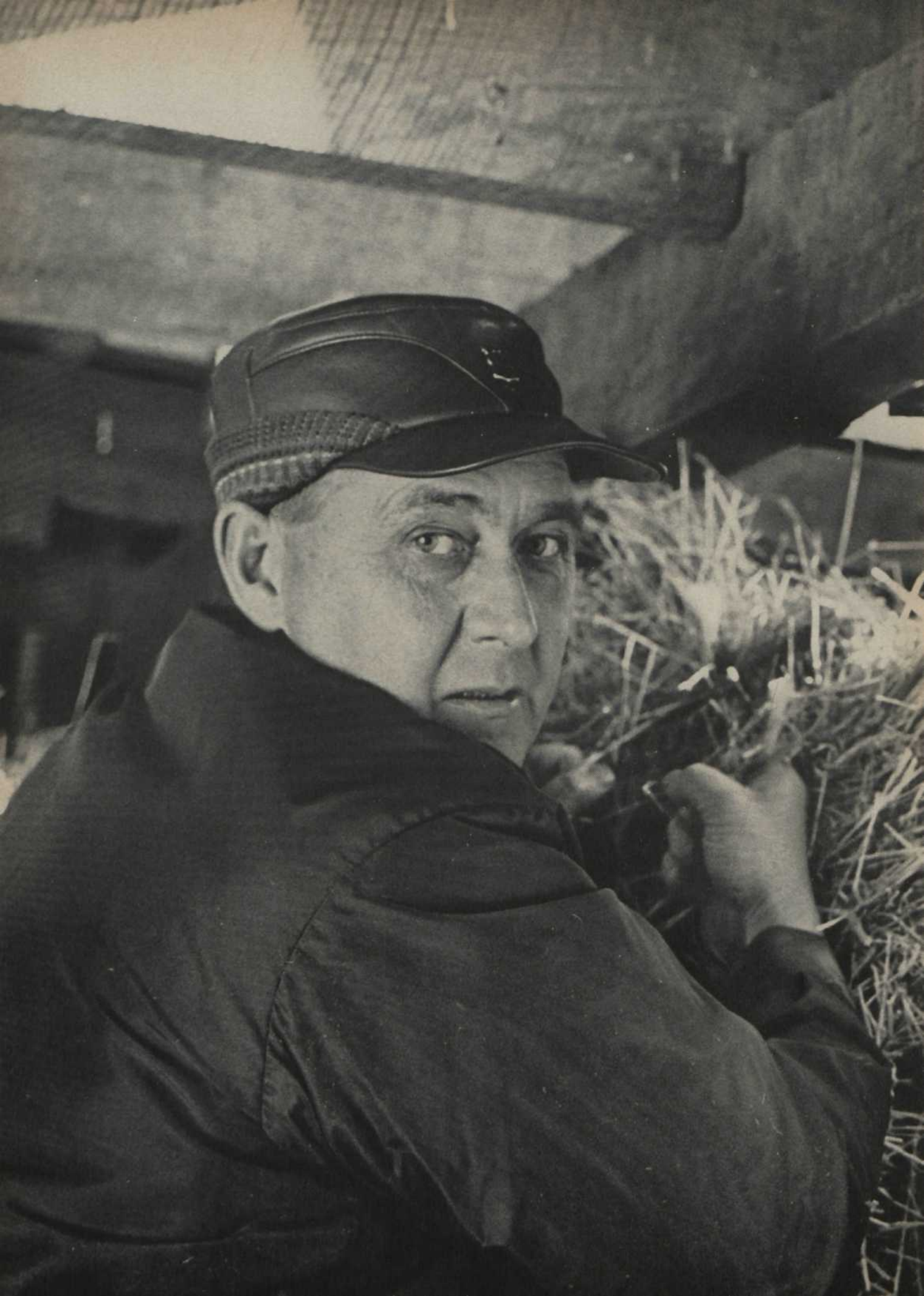
**All Americans are created equal**—in debt.

Each child born this year in the U. S. will begin life owing an equal \$1,630 share of federal debt.

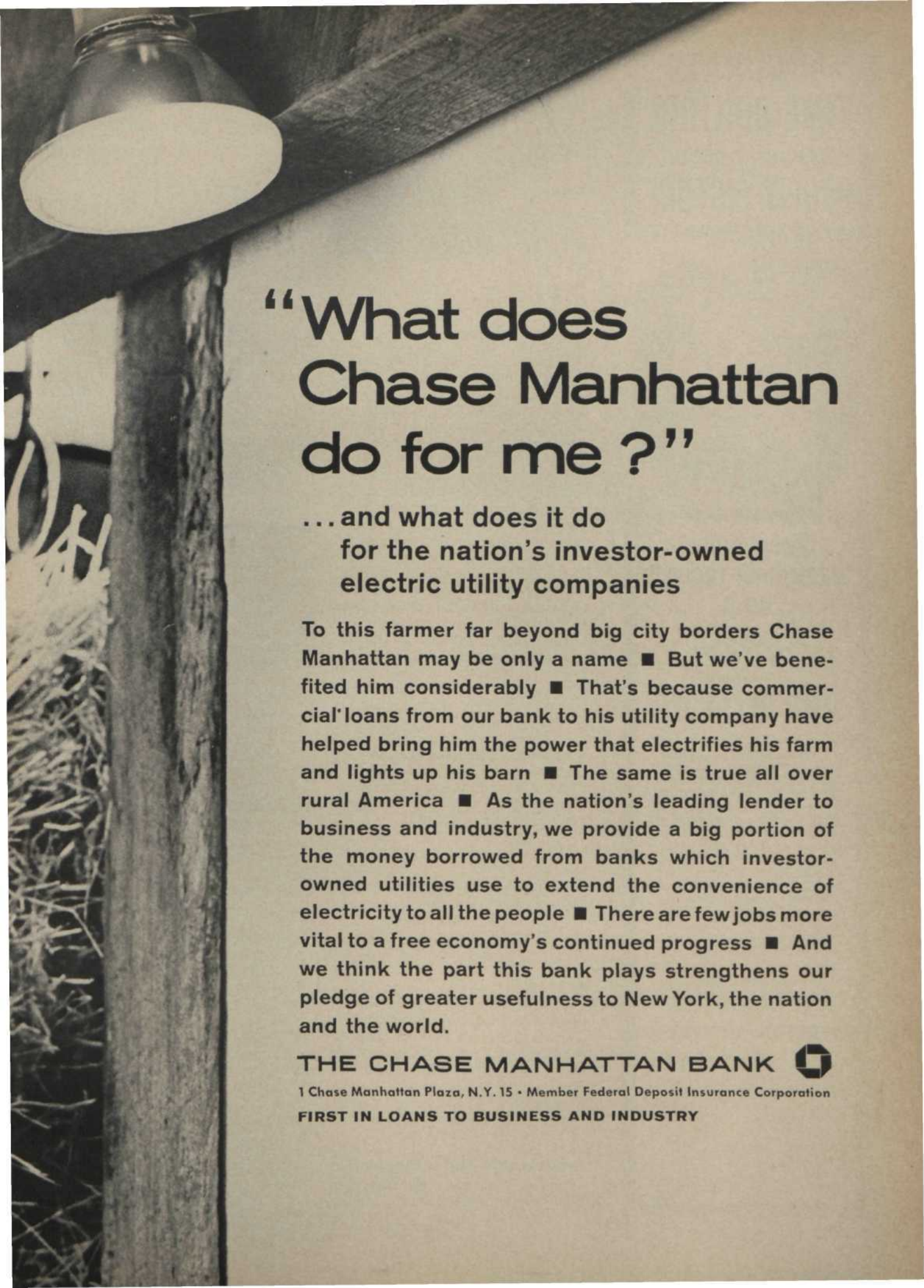
But this equality won't last long.

Each of next year's children will start life with the dubious blessing of a \$30 increase in what he owes of the debt.









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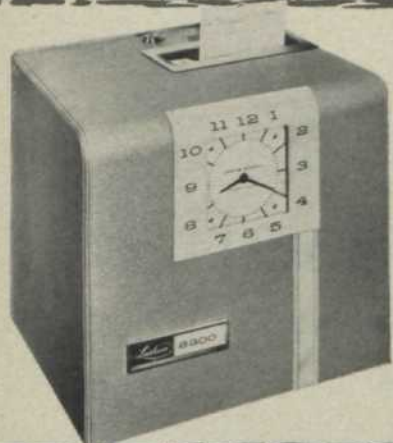


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## Business opinion:

# Study of distortion in education is continuing

IN THE MARCH ISSUE of NATION'S BUSINESS, there was an article entitled "Federal Influence Distorts Education." The casual reader might draw the inference that this represented the views of the members of the Subcommittee on Special Education who made the study of the federal programs in education.

The final report has not yet even been considered by the Subcommittee. The figures are just now being rechecked for accuracy. I regret very much that some of the material was released prematurely (before all the information was in) and that the impression was given that certain conclusions had already been reached. This is not the case.

The views expressed in this article are the views of only one of the four staff members who had major responsibility for gathering material and writing various chapters for the report to be submitted for the further consideration of the Subcommittee. These observations and conclusions do not necessarily reflect the views of the members of the Subcommittee or the views of the other members of the staff.

By no stretch of the imagination could it be reported accurately that the Subcommittee has concluded that "federal influence distorts education."

REP. EDITH GREEN

Chairman  
Subcommittee on Special Education  
House Education and Labor Committee  
Washington, D. C.

► "Federal Influence Distorts Education" reported the views of a highly qualified researcher hired by Mrs. Green's Subcommittee to examine overlap and duplication of federal efforts concerning higher education. His conclusions were labeled clearly. The greater influence—the expert's or the politician's—will be disclosed in the Subcommittee's report.

### Inadvisable and undesirable

"This Proposal Shortchanges Your Customers" [March] shows

the fallacy of Sen. Paul Douglas's bill for federal regulation of credit. When compliance proposed is manifestly difficult, if not impossible, and when states generally now have, or will soon have, statutes covering interest and carrying charges, Senator Douglas's bill would seem to be both inadvisable and undesirable.

MAX MEYER

President  
The Credit Bureau of  
Lincoln Nebraska, Inc.  
Lincoln, Nebraska

### Another success story

I want to express my appreciation for "Success Story Your Schools Can Copy" [February].

Transylvania College took this same position with regard to federal aid in 1958 and our experience parallels that of Rockford College. The response of individuals and industry to the appeal to preserve the independence of our private colleges has been most enthusiastic and generous.

IRVIN E. LUNGER

President  
Transylvania College  
Lexington, Ky.

### Introducing Diethelm

Can you tell me the name of the type which you have used for the titles of articles on pages 10, 23, and 27 of the March issue of NATION'S BUSINESS?

WILLIAM C. BRUCE

Editor  
The American School  
Board Journal  
Milwaukee, Wisc.

► It is Diethelm, a Swiss typeface (see title above). As far as we know, ours is its first use in this country.

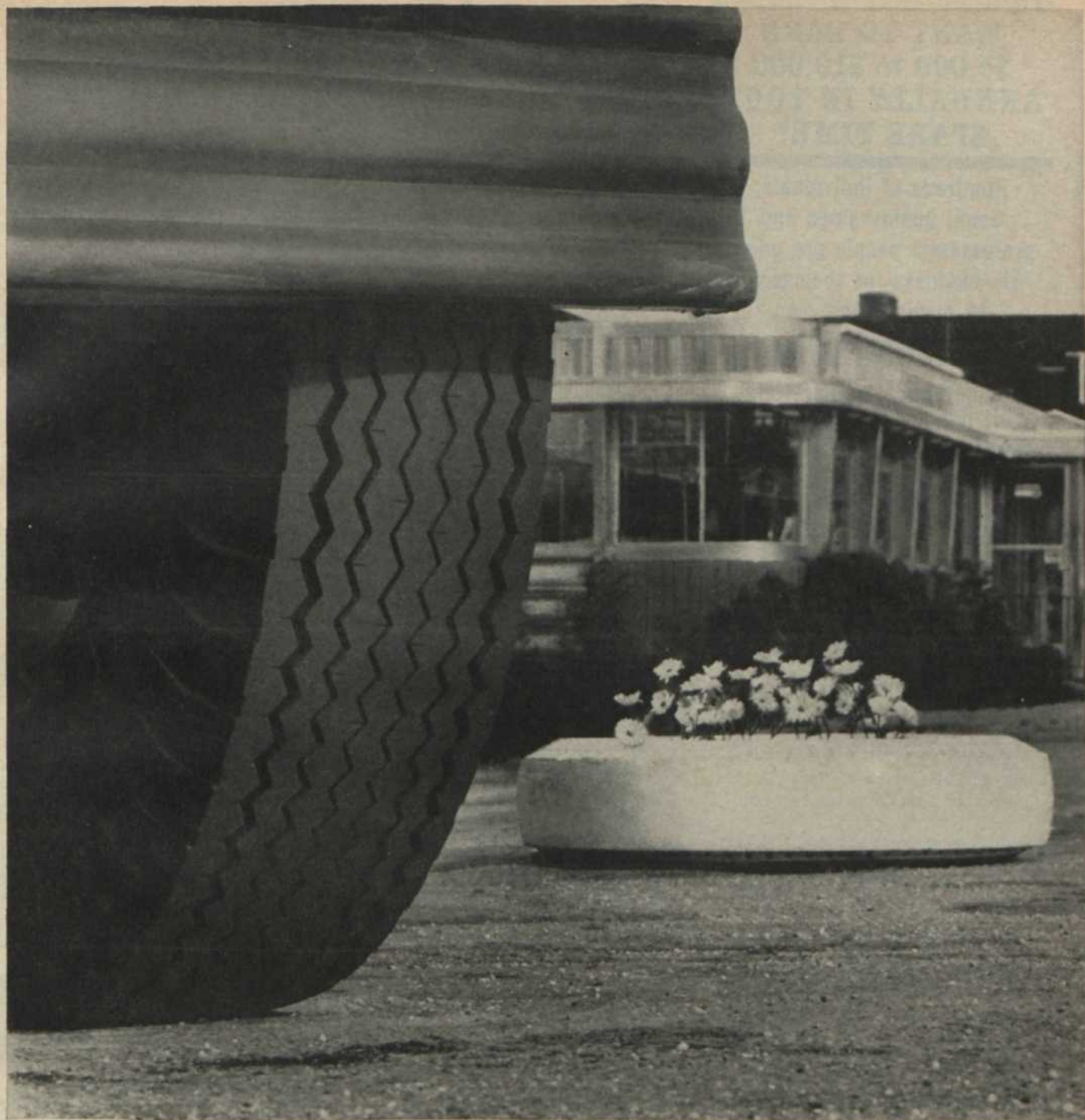
### Trends spark interest

It might interest you to know that I have received several requests for information concerning the operation of a suggestion system as a result of your article "Executive Trends" [February].

F. J. POLT

Manager  
Suggestion Department  
International Business  
Machines Corp.  
Rochester, Minn.





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**Another reason why: more tons are hauled on Goodyear truck tires than on any other kind.**

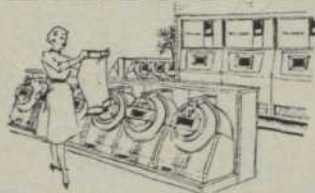
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## Executive Trends

- Coming: new-model board member
- Toughest decision of them all
- 300,000 more salesmen needed

A new kind of board member is in the offing for many American businesses.

That's the opinion of John A. Patton, of Chicago, a man with many years of experience in consulting and himself an example of the new-model director he sees rising to popularity.

The new director will work full-time at the job, according to Mr. Patton. Too many firms, he points out, have directors who give only token amounts of time to the job.

The real need, according to Mr. Patton, is for each board of directors to include at least one special working director—"a man qualified by broad experience and whose duties go far beyond the legal formalities of being a director."

One concern which Mr. Patton joined as a working director had just suffered a \$750,000 loss. His analysis of company facts and figures disclosed the underlying problem: loose wage rates. Drawing on his experience in working with unions, Mr. Patton helped win acceptance of a new wage program. Once it was adopted, the company moved into the black and stayed there.

Aims of a working director, Mr. Patton adds, should be to help a company president set goals, do long-range planning, and get results on time.

Your toughest decision as a manager comes when you have to fire someone.

It's so tough, according to Lawrence A. Appley, president of the American Management Association, that there are more employees

unjustifiably retained than unfairly fired. He elaborates on the problem of dismissal in a new book, "Evolution in Management," which is scheduled for publication next month.

"The act of dismissal is a peculiar responsibility of a manager," Mr. Appley observes. "It places him under a strain that is reflected in his relationship with his family, with his associates, even in his job attitude and performance. A person who never has to do this cannot possibly understand the effect it would have on him. Many managers cannot take this action because they cannot face up to it—it hurts too much."

Today's business executive finds himself puzzling over many unfamiliar and even cryptic terms.

The reason is not hard to find. Business methods are becoming more complex. This, in turn, is bringing into companies increasing numbers of specialists—people who speak a lingo all their own.

Example: In the relatively new field of "information systems" alone a whole new language is in the making.

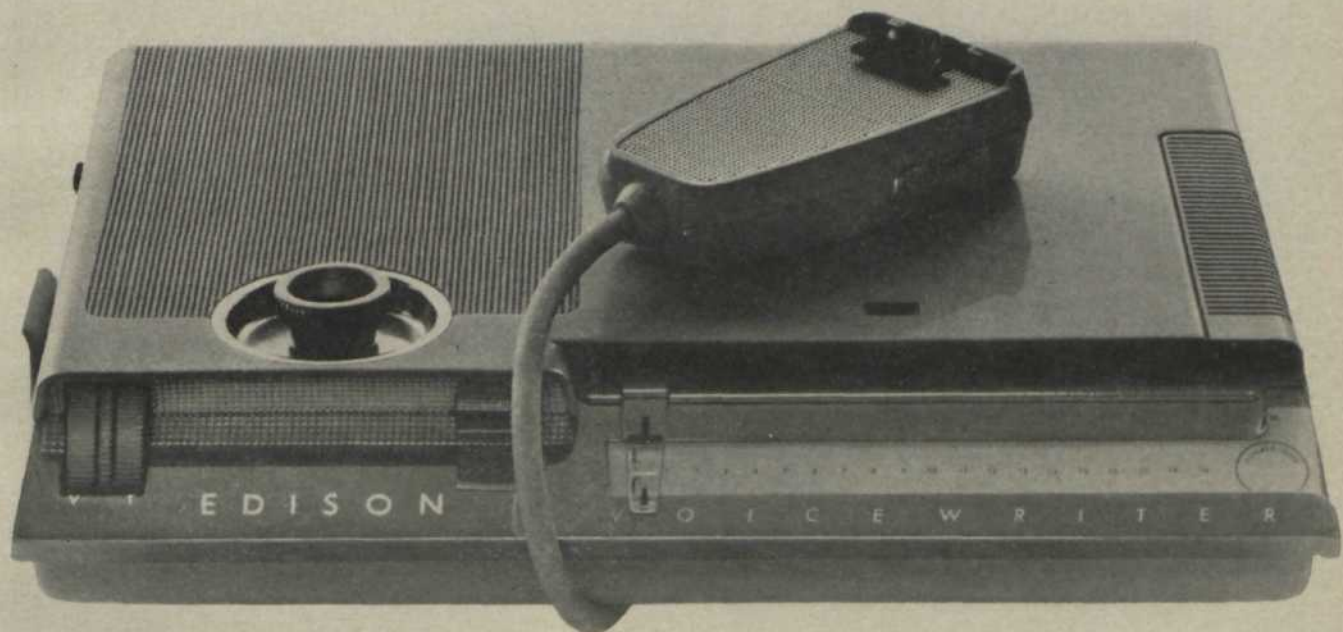
Here are some words from that language—with translations:

"Information retrieval"—the steps you take to get printed or other material out of storage in an "information system."

"Information system"—the people, equipment, documents and reports that are designed to give managers answers to questions which arise when they are making decisions.

"Input"—what you put into the





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Voicewriter Division,  
Thomas A. Edison Industries,  
West Orange, New Jersey

**Gentlemen:** Yes, I want to see why Edison equipment will best meet my business needs.

Name \_\_\_\_\_

Firm \_\_\_\_\_

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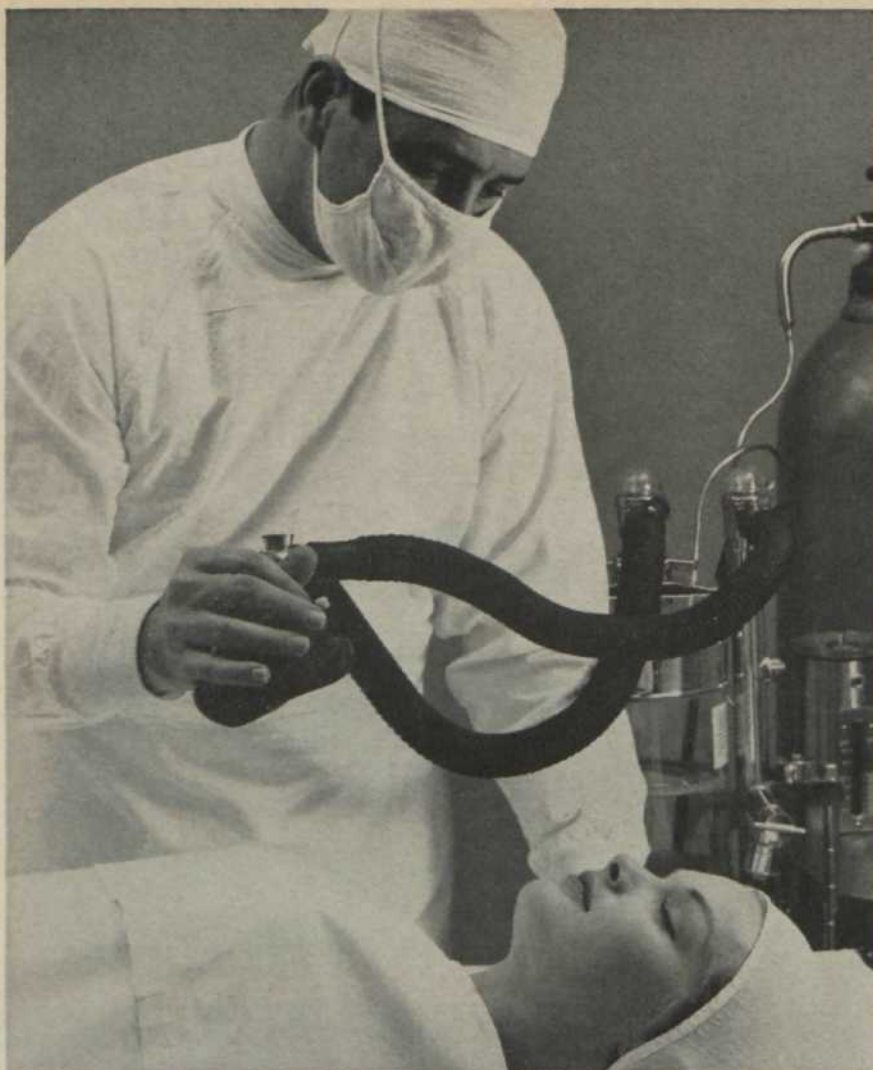
City \_\_\_\_\_ State \_\_\_\_\_



Thomas A. Edison Industries, West Orange, N. J. Business recording equipment—disc or tape—desk, portable or centralized dictation systems from Edison Voicewriter, Dictation Center, U. S. A.

The most advanced dictating instruments since Edison first recorded sound





## Sometimes inventory control is a life or death proposition



It is if the products you sell save lives.

The Foregger Company of Roslyn Heights, New York, does just that: it makes a complete line of ether-and oxygen-giving equipment. From the small mouth-to-mouth insufflator to the giant Pulspirator, used in open-heart surgery.

Says the Foregger Company:

*"We sell the type of product you can't run out of. Ever. Which is why we automated our inventory control with the Friden Computyper."*

*"The Computyper is an automatic typing and figuring machine. We use it to automate our invoicing. The*

*perpetual inventory control is an automatic by-product of this invoicing operation.*

*"We keep all product data and customer information on edge-punched cards. At billing time, we just insert the cards into the Computyper. The machine reads out the information, types up the invoice, and figures all the line extensions. At the same time, the Computyper subtracts the quantity ordered from the amount on hand, and prepares an up-dated inventory record for us."*

The Computyper can automate your invoicing and inventory control operations too. For complete details, call your local Friden Systems man. Or write: Friden, Inc., San Leandro, California.

*This is practical automation by Friden for business and industry.*

# Friden

*Sales, Service and Instruction Throughout the U.S. and World*

## EXECUTIVE TRENDS

*continued*

system for processing or storage. "Output"—the material which the system (usually a computer) produces upon request.

And here's a lulu—"Garbage in, garbage out." Translation—if you put unreliable information into a computer you are going to get unreliable information out.

For more on the language of the specialists, see article on page 92.

• • •

Those in Washington who criticize labeling practices of business might do well to consider how the federal government itself labels packages.

A New York business educator and consultant, recently returned from trips to foreign aid missions in Africa, reports this blunder:

Many U. S. aid program cartons shipped abroad are emblazoned with two white hands, clasped together in a handshake.

"That one label has done an immeasurable amount of harm to our standing with the dark-skinned peoples of Africa," the consultant points out.

Americans who were in Indonesia during a visit by Soviet Premier Khrushchev a few years ago add that communist groups there attempted to take credit for American aid by the propaganda device of displaying the clasped hand symbol on banners along with the hammer and sickle and the Soviet flag.

• • •

**Available:** 300,000 jobs.

That's roughly the number of additional salesmen needed this year to put over new products, expand territories and handle normal sales personnel turnover, according to a new study by the Sales Executives Club of New York.

The estimate is based on information supplied by 293 manufacturing and service organizations doing more than \$12 billion in annual business.

Companies replying to the survey figure a 21.9 per cent increase in their sales force will be necessary in 1963, and reported that it will cost an average \$8,289 to select, train and supervise each salesman until he becomes a good producer. The estimated cost, incidentally, is up more than \$400 from the average figure reported in a survey conducted in 1961.

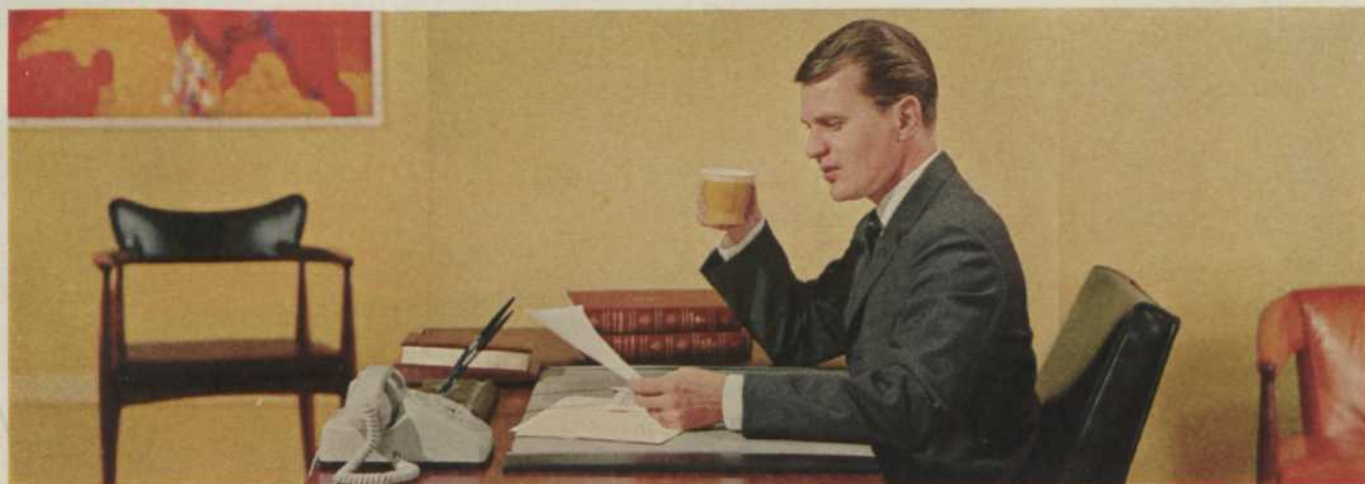
What causes turnover in sales  
(continued on page 21)



Accent  
on  
**VALUE**



Now she keeps her lunch fresh ...



and he has coffee when he wants it!



## ANNOUNCING: new General Electric Refreshment Center



Here's 3-way convenience for your office! Lunches stay fresh, soft drinks cold in the Refreshment Center's big refrigerator (50% larger than in compartment water coolers). You get hot water for coffee, tea, or soup any time. Ice-cold water too. Could there be a better water cooler for your office?

Choose bottle or pressure Refreshment Centers. Both are warranted. Just call your General Electric water cooler supplier for full details. Or write us. You'll be glad you did. (So will everyone else in your office.) Commercial Equipment Dept., Chicago Heights, Illinois.

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NEW FROM INTERNATIONAL  
THE CO TILT CAB LOADSTAR®





Here's a brand new line of cab-over-engine models from INTERNATIONAL—to lick your city pickup and delivery problems. *Brand new* because this CO-LOADSTAR matches tilt-cab design with ideal freedom of movement—inside as well as outside—in the 19,500-27,500 lbs. GVW range.

These new INTERNATIONAL Trucks with 70-in. BBC can maneuver almost anywhere—through tight traffic, up to loading docks, out of jammed terminals. Why? Wheelbase is as much as 50 inches shorter than that of a conventional truck with the same capacity. Wide-track front axle is almost 7-ft. wide, wheels turn 50° sharp either way. And the cab corners are well inside the wrap-around bumper for extra protection.

Inside the cab there's room for three men. It has the flattest floor door-to-door . . . no dog-house . . . rugged gear shift on the steering column. Now the driver can get in and out one side as easily as the other.

You can pick an engine to do your kind of job—V-8's or 6's, gasoline or diesel. Torsilastic front mountings make it easy to tilt the cab forward for service accessibility, and they contribute to smooth ride.

Look over these new tilt-cab CO-LOADSTAR models . . . check all their new features . . . take a test drive at a nearby INTERNATIONAL Truck Dealer or Branch.

## INTERNATIONAL® TRUCKS

WORLD'S  
MOST  
COMPLETE  
LINE



International Harvester Company

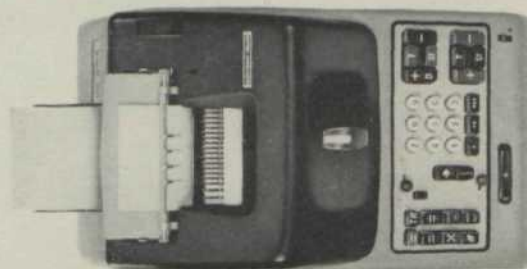
# MAKES THE DRIVER AS MANEUVERABLE AS THE TRUCK ITSELF





1	2	3	4	5	6	7	8	9	10
2	4	6	8	10	12	14	16	18	20
3	6	9	12	15	18	21	24	27	30
4	8	12	16	20	24	28	32	36	40
5	10	15	20	25	30	35	40	45	50
6	12	18	24	30	36	42	48	54	60
7	14	21	28	35	42	49	56	63	70
8	16	24	32	40	48	56	64	72	80
9	18	27	36	45	54	63	72	81	90
10	20	30	40	50	60	70	80	90	100

To the businessman, figures and numerical relationships are the raw material of management's important decisions. To help him process essential figures accurately, at low cost, Underwood offers a complete line of high-speed, high-capacity adding machines, calculators and accounting machines, each with exclusive features that make it the most advanced of its type.



**underwood**



## EXECUTIVE TRENDS

*continued*

personnel? The Sales Executives Club says there are three major causes: 1, men will not exert enough effort on the job, 2, selection was poor in the first place, and, 3, "other pastures look greener."

• • •

Would you walk into your boss's office and tell him he's inefficient or unfair to his subordinates?

Probably not, judging from research conclusions of Dr. Rensis Likert, director of the Institute for Social Research of the University of Michigan.

Dr. Likert's studies of business organizations indicate that most subordinates "have learned to study their superior and tell him only what will please him."

"Yessing" the boss may misinform him, but it keeps the subordinate out of trouble and may even result in his being rewarded, Dr. Likert explains.

Research has shown that "distrust and lack of confidence lead members of an organization at all levels to 'play it close to the chest,' to share a minimum of information with others, and to look with suspicion at the information passed on by others," Dr. Likert contends. It's his belief that today's high-producing managers are getting more favorable attitudes in employees through the use of good principles of human motivation and through group methods of supervision—a view that is disputed by some authorities.

• • •

What do you think of this statement?

"The dedicated career executive must consider the selection of a wife with a dedication akin to Hitler's fantastic theories of the super race . . . try to visualize how that bride-to-be would shape up in your executive scheme of things."

Sound cold-blooded? Too calculating?

It comes from an executive counselor discussing factors which speed up or slow down a manager's progress in business.

Just how important is your wife to your career? NATION'S BUSINESS asked professional recruiters to answer that question. You'll find their answers, and their evaluations of the long-range prospects for business managers, in an article starting on page 86.



## Checked your scale since postal rates went up?

Maybe you should! A tired old scale that overweighs, sends out letters with excess postage—and with first class now up to 5¢ an ounce, can waste a lot of money in a year.

If your scale underweighs, your letters go out with insufficient postage, and they arrive "Postage Due"—to the annoyance of the recipients, who have to pay the higher rates. Get a dependable Pitney-Bowes mailing scale—it's a real economy.

● PB scales are precision built, to U.S. Bureau of Standards specifications, and are used in the U.S. Post Office. Their automatic pendulum mechanism doesn't stiffen or get soft, and stays accurate indefinitely. Six jewelled agate bearings make them friction free in operation. The eye-high chart, with wide markings, big figures, and the hairline indicator, makes them easy to read, and time saving.

Eight models. Two for parcel post. One for foreign mail. Call any Pitney-Bowes office for a demonstration of the proper scale for you.

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Send free booklet and postal rate chart.

Name

Address





## Could you use the help of a free Financial Advisor?

(GETTING HELP, AND USING IT, DEPENDS A LOT ON YOU. READ WHY.)

Suppose one of the most successful businessmen in town was an old friend of yours, interested in your financial future and always ready to help you with advice and counsel. Suppose he was even willing to lend you money to help you build that future — and lend it at rates lower than you could get anywhere else.

There's not much doubt that this kind of free "financial advisor" would give you an edge in achieving financial independence. Well, this kind of *advisor* does exist, and getting him on your team is mostly up to you.

### **Make a Full Service bank your "financial advisor."**

Most knowledgeable people have come to rely on a Full Service commercial bank as their "financial advisor." There are three steps they recommend for getting this kind of assistance. Study them carefully.

1. Select a Full Service bank and not just any financial institution. You can distinguish a Full Service commercial bank because it is the only financial institution permitted by law to provide checking accounts.

2. Make this bank headquarters for all your financial business, including your checking account and savings account. Get to know the people at the bank personally.

3. Whenever you need some extra money for a worthwhile purpose, borrow it from this bank instead of dipping into your savings. Then, pay it back exactly as promised. (This does wonders for your credit reputation.)

### **Get to know your banker before you need him.**

When you're ready to make a major financial move—like buying a house, or sending the youngsters to college, or taking advantage of a business op-

portunity—you'll have the advice and counsel of your Full Service bank. Most important, the bank can help you borrow the money you want on terms to suit your needs. Unlike other types of financial institutions, a Full Service commercial bank can lend money for practically any purpose. And lend it at low bank rates.

Thus, your savings account, your checking account, your history of loans paid in full, have given you a real and useful "financial advisor"—a Full Service commercial bank. But the first step is up to you. If you are seriously interested in building a sound and secure financial future, it will pay you to get acquainted with a Full Service commercial bank. Right away isn't too soon.



*Your Full Service  
Commercial Bank*



# Cracks in image mirror irritate Kennedy fans

BY MERRIMAN SMITH

WHEN PRESIDENT KENNEDY moved triumphantly into the White House that cold day in January, 1961, even bitter partisan critics had to admit he had two strong qualities going for him—a glowing personality apparently capable of all kinds of salesmanship and a formidable talent for public relations.

Recently, however, it has seemed that some of his major problems have occurred in the very two fields where he was supposed to be superb.

Mr. Kennedy's once-glowing press now does not shine quite as brightly as it did a few months back. Once eloquent laudators have become querulous auditors. And if there's anything annoying to a genuine New Frontiersman, it is having anyone keep unrelenting account of the leader's foot faults.

In some Washington circles these days, to speak of an administration policy being less than gee-whiz successful is tantamount to embracing Nikita Khrushchev or John Birch, whichever, in the argot of this happy tax season, is larger.

Administration friends seem to be only as friendly as their last approving opinion. This can lead to a rather sickening attitude of fawning on the part of those seeking favors or consideration for their pet projects. In others, it may lead to a sad fear of speaking out in the wrong places.

Take some cases in point.

Early in this Administration, there was no more highly esteemed playwright around the White House than Gore Vidal. One of the President's first theater visits in New York after the 1960 election was to see a Vidal political comedy, "The Best Man." Vidal willingly was led to slaughter as a Democrat congressional candidate in a heavily Republican section of the Hudson Valley. He was a White House dinner guest and was spoken of around the executive establishment in superlative terms.

Today, however, the mere mention of Vidal produces scowls among the Kennedy faithful.

Vidal no longer is a Frontiersman with cap and

musket. He is guilty of having painted something below a grade A picture of the President's brother, Attorney General Robert F. Kennedy.

What was this playwright's crime? He wrote an article for a national magazine in which he made a detailed and, to some, convincing case for the probability of the attorney general winning the Democratic presidential nomination in 1968.

The fact that Vidal took for granted, and took it confidently, that the President was a sure reelection



*Some Democrats question President's technique of claiming that each proposal requires prompt action*

bet for 1964 was lost on the faithful. Vidal was heavily complimentary of the President's brother, but he leavened his literary loaf with some admittedly harsh realism which pictured Robert Kennedy as a sleeves-up, bare-fisted political operator who saw life as a clearly divided matter of "them and us."

Whether Vidal with his flair for drama was overstating the case is not particularly important in the long stream of history. But it is true that much the same attitude is evident in some of the President's closer advisers who tend to regard objectivity, political neutrality or even dispassion as signs of weakness, if not opposition.

It should be pointed out at this stage, however,

*Merriman Smith is the White House reporter for United Press International.*



that the intensity of Frontier Echelons Two, Three and downward is not matched by the President, himself. He seems to keep his partisan emotions under better control—or perhaps, better buried.

But there is an unmistakable tenderness in the Administration which manifests itself at times when the ship of state is yawing and pitching a bit as it is bound to do in today's troubled seas.

Nothing seems to bring up dukes at the White House faster than one simple four-letter word—Cuba.

One friend of the Administration recently lamented, "Their sense of public relations is shot when they make conditions seem worse than they really are."

What he was talking about was the trumpeting manner in which the government rushed forth with the story of Russian-built MIG jets attacking an American shrimp boat as it lay dead in the water with a busted engine between the coasts of Cuba and South Florida. The President himself called it an "attack." The boat, however, was not hit. No one was injured. And it is inconceivable that even freshly trained Cuban pilots in four planes would have missed the small craft if they were in truth attacking.

On the basis of government accounts, Congress foamed up like a kettle full of soap flakes. There were wild cries of counterattack and invasion.

The dust tended to settle somewhat after the President told a news conference he was then in doubt as to reasons behind the incident. And with a little more time, Congress quieted—as did the public.

Was this well considered public relations? There was reason to believe, and from the start, according to some crisis-hardened career men in government, that this might have been an isolated incident due to trigger-happy Cuban pilots, or more logically, a reflection of Cuban nervousness over a 67-foot, unmarked boat drifting for several days off the coast.

There were, however, other attempts at public relations which were happier, but not necessarily more beneficial for the Administration.

A much-publicized example was White House Press Secretary Pierre Salinger's joyously youthful piece of comic relief. Acting in the President's behalf, he triggered a nationwide craze for 50-mile foot journeys, or reasonable facsimiles thereof. The attorney general managed to cover his footsore quota and thus saved the family's 50-mile honor.

The normally liberal commentator, Eric Sevareid, thought the hiking craze brought out the lemming qualities not only of Americans generally, but Kennedys, too. Sevareid pointed out the difference: "A Kennedy lemming is always a step ahead of the ordinary or nonpartisan lemming . . ."

In fact, Sevareid thought the hiking-lemming syndrome had uncovered a schism within the White House "although its occupants do not even dimly perceive it themselves, because to date it is psychological in nature, not yet political."

"But implicit and ordained are two symbols, two

images, two ways of life for the American people to follow, and the choice cannot be long postponed—certainly not beyond 1968.

"We are offered Bobby, the track shoe and uncle-coach figure of Theodore Roosevelt with his 'strenuous life,' or Jack, the rocking chair, and the father figure of Winston Churchill with his 'tolerance, variety and calm.'"

And about the same time Mrs. Jacqueline Kennedy was in print as saying, "I feel as though we've been turned into a piece of public property." And that was not the only crack in the image mirror. Mrs. Joan Kennedy, wife of the President's younger brother and new senator from Massachusetts, gave a national magazine an exclusive interview in which, among other things, she talked about the President's aching back and said that while she had no need for a wig herself, Jacqueline had three of them.

This sort of hodge-podge can be frightfully hard on an image-maker.

Then we have the problem of "management" of news by the government. The implications now have reached into every form of American society. Why? Partly because of statements like this from Assistant Defense Secretary Arthur Sylvester about "government's right, if necessary, to lie to save itself."

William F. Knowland, editor of the *Oakland Tribune* and former Republican leader of the Senate from California, was among the many who were dismayed. Knowland said, "The moral and practical question we must confront is whether or not our government, or any government, has a right deliberately to fool any of our people any time."

A sophisticated consideration of today's complex government problems in an era of constant danger of total destruction undoubtedly would have to include falsehood—whether it is a lie of outright proportions or one of omission.

But what may be up for decision is whether the government has a duty to basic truth, or whether anything is to be done about small-bore officials who lie to mask errors of judgment in areas utterly unrelated to national security. Also, there is a sticky question: Do our school teachers now tell the children there may be times when the government must lie?



Problems of salesmanship have been largely brushed aside in this treatise because a more definitive appraisal will not be possible until later in this session of Congress. But there are Democrats who wonder about the technique of the President in firing one big message after another at Congress, each time telling the House and Senate that the matter of immediate reference commands priority and prompt action. No sensible salesman in the crass commercial world would try to get a prospect to buy 15 products all at once.

It may be that the sledding at home and abroad has been so bumpy in recent months for the Administration that its capacity for tolerance and detached judgment has worn a trifle thin. Sad if true, for there are many who admire the President and his aims. But they also want the right to be unawed when awe is not necessarily indicated.



# A SUSPENSE-FILLED SAGA IN THE LIFE OF HUGH ROBERTSON OF TYLER, TEXAS

A STORY THAT CAN MEAN A LOT

 TO YOU 

ALL YEAR ROUND




Early last December, Hugh Robertson, a successful contractor with 11 employees, started thinking about Christmas. What kind of present could he give his employees that would not only show his appreciation for the job they were doing, but also make them more enthusiastic about working for his company?

Equitable Agent Cecil Wade of Tyler had a suggestion. Why didn't Mr. Robertson install a Circle E Group Insurance Plan for his employees' benefit? This kind of plan would meet his requirements ideally, since Equitable's Circle E was specifically designed to provide complete group coverage for companies with 10 to 24 employees.

When Mr. Wade got the go ahead, time was growing short. Would Mr. Robertson be able to give his employees the policy by Christmas? This is what he wrote to his Man from Equitable after the holiday:


"I'd like to express my pleasure at


the way you handled my insurance plan. When we had our original talk December 6, I expressed the hope the policies could be in effect by Christmas as a present for my employees. Frankly, I didn't think it could be accomplished so soon. But your efforts made it possible to meet the deadline and also give each employee a personal explanation of the policy."

If you have 10 to 24 employees, there's an Equitable  Plan to meet your needs promptly. For more information, mail the coupon below. Or call The Man from Equitable in your community. Like Cecil Wade, he has the knowledge and experience to help you. And he's backed by the company that *pioneered* group insurance over 50 years ago.



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I am interested in receiving more information, without obligation, about your  Group Plans for companies with 10 to 24 employees.

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## Conflicting policies decrease public's trust in government

BY FELIX MORLEY

THE STRONGEST ARGUMENT against Big Government is not the enormous cost involved. It is, rather, the gross incompetence which makes so much of that cost a sheer waste of taxpayers' substance.

The more functions that government undertakes, the more widespread and intricate its activities, the more inconsistent many of its policies become. One bureaucratic hand works against the design on which the other is concentrated. The result, all too often, is cancellation with a net of zero.

This tendency was brought home to me in unforgettable fashion some 25 years ago, when I was making a study of the National Socialist government then firmly in the saddle in Germany. Because it was so illuminating a personal reminiscence is permissible.

At a Berlin exhibition of German technical prowess I became interested in displays of synthetic textiles, including tailored suits and dresses, all made from beechwood fiber. This chemical achievement, it was proudly announced, would serve to cut down German imports of wool and cotton, thereby protecting the value of the currency.

So I went to the Ministry of Agriculture, to investigate. It was all true, a high official assured me. Indeed the process had such economic importance that he had just ordered the planting of a forest of beechtree seedlings in a suitable area to the north of the city. He pointed to a large-scale wall map on which the locale of the new plantation was colored bright green.

The next morning my schedule took me to the Nazi Air Ministry, where I wanted information on Marshal Goering's plans for making Berlin the focal point for European air freight service. It was all in the interest of peaceful commercial development, one of his aids assured me. Then he waxed enthusiastic about the central location of Berlin and the suitability of its terrain for airports.

"Why only yesterday," he told me, "I gave orders to clear a thousand hectares there, for a new field." He pointed to another map, twin to the one I had already seen, where a section colored blue lay very

close to where I had noted the green patch the day before.

"What's in that area now?" I inquired.

"Nothing of any value," he replied. "Not even any farms; nothing but some beech forest which will make good firewood for our Berliners this winter."

• • •

The constant conflict of interest between the octopus arms of an overgrown bureaucracy is seldom so sharply clarified. But it is ever present and is not confined to an avowedly totalitarian government.

Indeed an alert dictator is not unlikely to avert personally such extreme inconsistencies as the one cited. Hitler might have done so, had he not then been so preoccupied with his plans for war. The more intelligent Khrushchev seems to have ironed out a number of comparable stupidities in Soviet planning.



*One agency pays farmers not to cultivate land while another promotes irrigation to produce more crops*

But under a democratic system, such as ours, contradictions are likely to continue unchecked. One agency pays for the withdrawal of land from cultivation while another is happily irrigating to bring more of the same crops into production. If the President sees the incompatibility he thinks of reelection and



## TRENDS: STATE OF THE NATION

comments selectively and separately on the virtues in each of the antagonistic policies. Taken by itself each part of the gigantic hodgepodge can doubtless be said to have some merit. But as a whole many of its aspects are worse than meaningless.

Out of many possible illustrations one may consider certain unanticipated consequences of the minimum wage policy, selecting this precisely because to many it seems decent, humanitarian and therefore inherently desirable. It is easy to forget that the minimum is in effect the standard for all employers, regardless of service rendered. Even the adolescent baby-sitters have come to realize this.

Nobody will argue that a wage rate of \$1.25 an hour is too high, from the moral viewpoint. Indeed it is pitifully small, in terms of our depreciated currency, for any worker with dependents. But, adequate or inadequate, the cold fact is that management often cannot pay that wage, with fringe benefits, to the unskilled, and still make the profits on which the life of any business undertaking depends.

Consequently we see the rapid development of labor-saving devices which close off employment opportunities and force masses of people, often not unwillingly, onto the relief rolls. This raises tax rates, with further pressure for rigid economy.

Certainly it can be demonstrated that eventually automation will increase rather than decrease jobs. The automobile industry now gives far greater employment than was ever afforded by the displaced horse and buggy. But that comforting long-range consideration does nothing to ease the immediate problem of the untrained youth who finds, for instance, that all the local elevators are mechanized.



The chain reaction fostered by seemingly desirable social legislation, such as that for a minimum wage, is practically endless. It tends to downgrade education by keeping in school, to the detriment of all, rebellious and resentful youths who would be far better off under the sterner discipline of a job. Then, when juvenile delinquency gets out of hand, it is proposed to regiment the unruly in a "youth corps," forgetting how totalitarian we found this same practice when sponsored by Mussolini and Hitler.

Fortunately there is a growing realization that to surrender the solution of social and economic problems to Big Government is merely to intensify and proliferate them. Its nature, as our forefathers knew, is never to confront the causes but always to ameliorate the consequences of an ailment in the body politic. If the medical profession had developed in the same way we would still have witchdoctors.

Increasing skepticism as to the competence of paternalistic government may well indicate a significant swing in the character of American thinking. Presidential adviser Walter W. Heller showed fear of this recently, in his much-quoted remark on "the basic puritan ethic" of the American people. This, he said, is what makes many willing to forego obviously

desirable tax reductions unless governmental spending is proportionately reduced.

This "puritan ethic," so disturbing to Professor Heller and others of his persuasion, is merely a heritage from the period when the production of wealth was a grim necessity if this country was to be established as a going concern. It may properly be acknowledged that at this time too little emphasis was placed on fair distribution of the wealth available.

Now, however, the pendulum has swung to the opposite extreme. Governmental policies no longer leave men free to produce wealth, but concentrate on spreading its distribution even before achieved. Deficit financing is merely a mortgage on the future for which the "puritan ethic" always demanded a security which Professor Heller deems unnecessary.

While governments have never been good at producing wealth, they can be highly efficient in confiscating and redistributing what is available. For that reason the growth of Big Government coincides with the shift of emphasis from production to distribution. With us it has even reached the stage where the assumed obligation is not merely to redistribute wealth within our borders, but also to meet the ever-growing expectations of underdeveloped Latin Americans, Africans and Asiatics.

The argument here is that, without this aid, the impoverished peoples would fall prey to communism. While this has some validity it is to be remembered that the essence of communism is the elimination of free enterprise and the concentration of all economic and social power in governmental hands.

Overdeveloped governments are more instrumental than underdeveloped peoples in moving towards the Marxist goal, as the historic prophet of communism himself continuously emphasized. The progressive income tax, so highly developed here, was in Karl Marx's mind the most valuable instrument for communist subversion.



From earliest history the eventual end of every overgrown and overcentralized government has been collapse and there is no good reason to expect any other eventual outcome today. The danger point comes when those in power beguile themselves into thinking that wealth which is not being produced can nevertheless be indefinitely distributed.

As it was put recently by Per Jacobsson, the shrewd director of the International Monetary Fund, the idea of a permanently unbalanced budget is "the emanation of permanently unbalanced minds." It is idle to talk of national security, in military or other terms, if minds of that type attain unchallenged control.

Whatever may be said to discredit the "puritan ethic," it was certainly not an emanation of unbalanced minds. Indeed balance between reward and punishment, between self-sacrificial effort in this life and self-fulfillment in that to come, was the very core of its thinking.

We may count ourselves fortunate if enough of this ethic lingers to keep us from concluding that all-powerful government is more to be desired than a self-reliant and self-supporting citizenry.



# OMC BOATS

NEW from Outboard Marine... Anyone who knows boats knows that boating is a compound of fun and fussing — with the fussing often outweighing the fun. But no more! For the first time, OMC's new concept of boating *engineers out* the traditional nuisances, as thoughtfully as safety, comfort, convenience and dependability are *engineered in* this revolutionary hull design. It's the best thing that's happened to water in years — and prices are lots lower than scuttlebutt (or the boats themselves) would lead you to believe. Grab your sailor hat and head for your OMC Boats dealer's, and a funabout that's



## Ready to go at the drop of a hint!



On the beach, FUNABOUT #1 — the OMC 17 DELUXE. Complete and ready to ramble — all you need is gas and oil. Deluxe shock-absorbing seats, built-in storage bins and lockers, power-tilting windshield, convertible top with rear and side curtains, carpeting, 88 hp OMC 488 stern drive with power-lifted lower unit — all these and more are standard equipment. On the ski-scoot, FUNABOUT #2 — the OMC 17 CUSTOM. The boat with a brilliant future but fewer frills for now... deluxe performance in a two-seater you can customize to your desires. FREE brochure!

For name of the dealer nearest you, write or wire collect John R. Millard, Director of Sales.

**OMC** ©1963  
OMC BOATS, DEPT. NB-4  
A Division of Outboard  
Marine Corporation  
Waukegan, Illinois  
In Canada: Peterborough,  
Ontario. Patents pending.





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## Changes in the '63 Volkswagen.

We've always had just one engine. But this year, we're a two-engine truck. (Which is a pretty revolutionary change for a VW.)

You can choose our old faithful, air-cooled, 24 miles-to-the-gallon job.

Or, for a little extra dough, our more powerful engine.

(It's still air-cooled, still goes 24 miles

on a gallon of regular.)

If you carry a heavy load or do a lot of driving over hilly terrain, then you'll probably want the extra power.

Another change: the new engine comes with bigger brakes.

What else is new?

The driver has his own adjustable seat. (The passenger seat comes out to

make more room for the cargo.)

The cab has more legroom.

There's a new fresh air heater.

And a new clutch.

The nice thing is, that after 13 years and 216 changes like these, you don't have to wonder what kind of shape our truck is in.





# ***TAXES & SPENDING***

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FEW DISAGREE with President Kennedy's view that economic growth can be stepped up "only by lightening repressive wartime tax rates which put a damper on private purchasing power and profits."

Many disagree, however, with the tax package he has proposed, and the spending increase he has budgeted at the same time.

Businessmen contend that growth would be stimulated better by tax relief that encourages investment than by reductions aimed primarily at increasing consumer spending. In addition, it's pointed out that many of the structural tax changes recommended by the Administration would hamper growth, rather than encourage it.

On the spending side of the coin, both Congress and the public are alarmed over the projected budget increase for next fiscal year as well as the deficit and debt rise it would entail.

For these reasons, the interlocking issues of taxes and spending overshadow all others on Capitol Hill and across the nation.

In five articles which follow, NATION'S BUSINESS examines the underlying principles, policies, and facts involved. These special reports in depth will give you a better insight into what the fight is all about.



## **TAXES & SPENDING:**

# **WHO FRAMED THE TAX PLAN**

Here's a look at principal author of Kennedy package

**SURPRISE PROVISIONS** in the Administration's tax program have sharpened businessmen's interest in the policy-makers who drafted the proposals.

For months before his formal message to Congress, President Kennedy had been promising tax reduction aimed at encouraging economic growth. But when the details were spelled out, many of the provisions were of the type that many companies and individuals felt would discourage investment.

Where did these proposals originate? Who was responsible for their presence in the Administration's package?

No one man can be singled out as the author of the program. Literally dozens of officials and technicians contributed ideas and commented on proposals under study. All major questions went up the bureaucratic ladder for decisions to Treasury Secretary Douglas Dillon and the President.

Walter W. Heller, chairman of the President's Council of Economic Advisers, and Internal Revenue Commissioner Mortimer M. Caplin played important roles. Some of the proposals were discussed in advance with Chairman Wilbur D. Mills of the House Ways and Means Committee, which must act first on all

tax legislation. But if any one man can be identified as the principal architect of the program, he is Stanley Sterling Surrey, a 52-year-old, soft-spoken Harvard law professor who serves the New Frontier as Assistant Secretary of the Treasury.

As an academician, Mr. Surrey long and intensively propagandized for many of the tax changes the Administration now seeks. As Secretary Dillon's chief tax adviser, he was in active charge of the staff that put the plan together. Now he's working with the Ways and Means Committee and the Senate Finance Committee to get the program enacted into law.

Repeal of provisions relieving some dividend income from taxation; tougher treatment of stock options; a longer capital gains holding period; repeal of the retirement income credit—all these and many other major provisions of the Kennedy program were advocated in earlier years by Mr. Surrey.

It should be noted that there were other highly-placed advocates taking a similar line and that not all of the tax changes he has espoused appear in the current program. But the similarity between his expressed views and the Administration plan is still striking. Mr. Surrey, a handsome, dark-haired man





UPI PHOTO

Administration officials most influential in advising President on tax plan are (seated, left to right): Budget Director Gordon, Under Secretary of Treasury Fowler, Secretary Dillon, Assistant Secretary Surrey, and (standing) Economic Adviser Heller and Presidential Counsel Sorensen

Mr. Surrey (below) has antagonized conservatives with his tax views



WIDE WORLD

with deep-set eyes and a firm jaw, was an obvious candidate for top tax man when the Kennedy team was being formed. He was unquestionably one of the nation's leading tax experts; one associate, not in government, calls him "the most brilliant tax lawyer I've ever met." He was co-author of leading tax casebooks, consultant to a number of major business interests and in constant demand as a member of study groups, a speaker, an expert congressional witness.

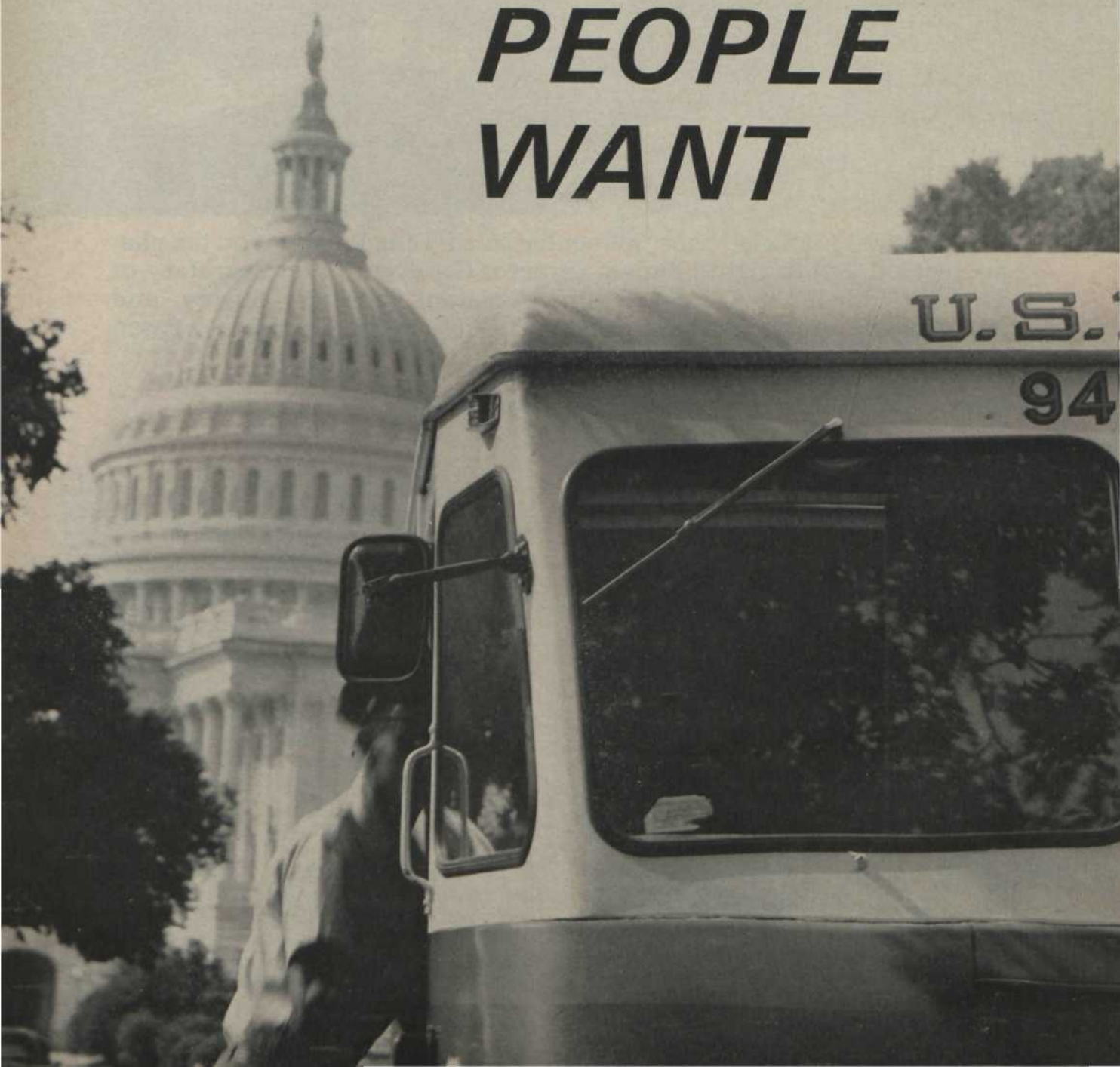
Philosophically he seemed perfectly in tune with the New Frontier. In magazine and law review articles, speeches and testimony, he had consistently outlined a philosophy of attempting to bring down the general tax rates by ending special tax treatment for certain types of income and reducing various tax deductions. As head of a special Kennedy task force between the 1960 election and Inauguration Day he had put together a comprehensive tax reform program which won presidential interest.

But Mr. Surrey's extensive speeches and writings had antagonized many of the more conservative members of Congress, as well (continued on page 57)



***TAXES &  
SPENDING:***

***WHAT  
THE  
PEOPLE  
WANT***





## Public opinion making impact on Washington

*"I am for a government rigorously frugal and simple . . . and not for . . . increasing by every device the public debt on the principle of its being a public blessing."*  
—THOMAS JEFFERSON

*"Our choice is between chronic deficits resulting from chronic slack . . . and transitional deficits temporarily enlarged by tax revision designed to promote full employment and thus make possible an ultimately balanced budget."*

—JOHN F. KENNEDY

THE TRADITIONAL Jeffersonian philosophy on money matters is still deeply implanted in America today.

The New Frontier theory on taxes, spending, and deficits has yet to take root.

So you can expect a mass promotion program to sell the Administration view.

The public's present attitude is apparent in views expressed to the White House and the Ways and Means Committee of the House of Representatives. This committee, which is the first congressional unit to act on tax issues, is probably the most sensitive indicator of the feelings of folks back home.

The dominant theme of letters from citizens over the nation to Ways and Means members is this: Tax cuts are fine, but not unless spending is also cut. This conviction is expressed again and again to both Republicans and Democrats on the Committee.

Although public concern over federal spending, deficits and debts is seldom registered, it seems to have been awakened by the Kennedy proposal for tax cuts at a time of budget deficit.

When the Administration made tax revision its top legislative goal for 1963, it knew the majority view about tax cuts in Congress went something like this: It's proper to cut taxes only when there is a budget surplus which will offset the revenue loss. Or, if there is a recession, it might be all right to cut taxes to put more money into the economy. But support of tax reduction with a red ink budget during good times would be a real turnabout in economic position on the part of many lawmakers.

Administration strategists apparently didn't realize this congressional viewpoint was so soundly based on the feelings of people at home.

Andrew Hatcher, White House associate press secretary, who is familiar with the President's mail, said letters on the Administration's tax proposal "are running slightly behind." In other words, more people

are against, than for, the tax plan. He said that possibly 10 per cent of the writers link a cut in spending with any desire for tax reduction.

Tax revisions to recoup some revenue loss, as the Administration proposes, were obvious targets for attack. But the theory was that the appeal of rate reduction would overwhelm gripes about losing some tax breaks.

Walter W. Heller, chairman of the Council of Economic Advisers, and other officials have seemed surprised by what Mr. Heller termed the "puritan ethic" of the public in not wanting a tax cut when we are spending more than we have.

The strength of the thrift ethic is apparent in the letter from a Texas banker to one member of the Ways and Means Committee:

"The country desperately needs tax reduction," he said. "However, we cannot morally justify it unless we reduce spending."

A Port Washington, N.Y., woman wrote another member: "I can't afford for our household all the idealistic programs that would be nice for us as a family. And Mr. Kennedy can't afford for my country all the idealistic programs he proposes."

A Michigan teacher urged: "Do everything in your power . . . to balance the budget, which definitely means no reduction of the income tax as it now stands."

A Massachusetts housewife said: "It is intellectual arrogance for Mr. Heller to [say] a basic puritan ethic of the American people—a fear of deficit budgets—prevents a tax-cutting proposal of the Administration from being passed. In other words, that government is right and the people are wrong."

A Kansas City, Kans., man: "A tax cut alone would only be like taking an aspirin: relief, but no cure. But a tax cut plus a cut in spending would give the country a boost like we haven't had in a long time."

President Kennedy took cognizance of people's worries over deficit and debt in a press conference: "I think people are concerned about the size of the debt, and I am. And I think they are concerned about the deficit, and I am. But what I am most concerned about is the prospect of another recession. Now, a recession is what would give us a massive deficit. . . . If we don't have the tax cut, it substantially, in my opinion, increases the chance of a recession, which will increase unemployment, which will increase the size of our deficit."

The recession threat will be a major administration argument in support (continued on page 46)



## ***TAXES & SPENDING:***

# ***WHERE THE MONEY GOES***

Study shows what kinds of expenditures are rising

A NEW HOLE will be punched in the federal debt ceiling in the next 90 days.

Recent discussions of the temporary debt ceiling are just the first round in the congressional fight shaping up on the spending issue.

The lawful limit for next year's peak in all likelihood will be set in the neighborhood of \$320 billion. It was \$298 billion last year.

Congressional debate on spending and the debt issue will highlight Washington legislative skirmishing between now and July 1.

The size of the debt—plus the increase expected during the next nine to 15 months—is creating widespread concern on Capitol Hill and across the nation.

You may expect this concern to be reflected in some congressional efforts to hold spending below the President's budget requests. Several billions may be withheld.

There is as yet little evidence of a landslide economy wave in Congress, but those who want to control spending at lower levels are gaining in number and their impact is sure to be felt. (See "Why the Budget Must Be Cut," page 38.)

The first good clues to the growing strength of the spending-control bloc will come when the next vote is taken on the debt limit—to set, theoretically, a spending ceiling for 1964. You can see a measure of the strength in how much time it takes to act, how much

debate there is on the subject, how heated the discussion becomes, and whether the lawful limit is set below the Administration's asking figure.

In addition to the general alarm felt by some members of Congress about the size of the debt, there is also a feeling that the ceiling can serve as a restraint on expanding government.

To understand better where the debt is headed and what is causing it to rise, go back to the end of World War II. War costs boosted the debt to a peak in 1946. After that it was reduced two years in a row.

Since then the debt has been cut only four times. It has gone up in all other years and now promises to continue rising at least until 1967, with no assurance the budget will be balanced even then.

Washington officials claim the debt is small in relationship to the country's total output of goods and services, and that it is growing lighter because the economy is rising. The fact remains that the debt is growing.

Korean war spending hiked government outlays. But nondefense spending has soared and continues to rise.

A study of government operations shows clearly that the debt rise is due only partly to defense. Other types of programs have contributed substantially to the increase.

Here is the picture from 1949 (postwar debt low)



# SPENDING TRENDS THROUGH FISCAL 1964

## DEFENSE

# UP 26%

SINCE (\$11 billion increase)  
1952

## NONDEFENSE

# UP 104%

SINCE (\$22 billion increase)  
1952

through 1964 (postwar high, projected by the Treasury Department):

- ▶ The debt increase is more than \$63 billion.
- ▶ National defense spending accounts for \$37 billion of that sum.
- ▶ Nondefense federal programs account for \$26 billion.

Federal outlays are rising for a wide range of non-defense programs. More money is programmed for land, water and power projects, forests, federal recreational facilities, fish and wildlife programs, mineral resources, and a host of other related projects. Federal money for natural resources, \$1.7 billion in 1960, is going to \$2.5 billion—unless cuts are made.

Big increases are proposed for aviation facilities, water transportation, urban renewal, community facilities, public housing. The cost of area redevelopment is skyrocketing. Rural electrification and telephone loans will reach a peak this year.

Regulation of business is scheduled to cost the taxpayers nearly twice as much next year as it did in 1960.

Public assistance, \$2 billion in 1960, is budgeted at \$3 billion in 1964. Larger sums are planned for health services and research, labor and manpower spending. Vocational rehabilitation, \$70 million in 1960, is set to go up to \$250 million. The Alliance for Progress

will cost more. The cost of foreign information programs will be higher. Loans, grants and assistance to foreign countries are due to rise, unless cut by Congress.

Other substantial spending boosts are recommended for federal education programs. Veterans' pensions and spending for hospitals and medical care for veterans will rise.

More will go for congressional operations and judicial functions.

Government spending for tax collection will cost the taxpayers substantially more in the year ahead.

A few programs will cost less, according to Budget Bureau and departmental estimates. But the decreases are mostly small and normally represent little more than a postponement of further increases in other years to come.

It seems improbable at this time that the economy can expand fast enough at existing tax rates to produce enough revenue to keep pace with the planned expansion of government.

There remains the possibility that government spending can be cut.

If that is done, tax reduction and reform will rapidly become a more realistic prospect than appears likely at this time.

There is little likelihood of tax action before the debt and spending issues are settled.

END



## **TAXES & SPENDING:**

# **WHY THE BUDGET MUST BE CUT**

Sentiment for decreased federal expenditures is growing

CONGRESS' FIRST DUTY in 1963 is to make a substantial cut in federal spending and move toward a balanced budget.

This is the conviction of Sen. John L. McClellan of Arkansas, chairman of the Senate Government Operations Committee.

This Committee, recently enlarged and raised to major committee status, is charged with studying the federal government at all levels to determine its economy and efficiency.

Long recognized as an opponent of mismanagement and extravagance in government, Senator McClellan served as a member of both Commissions on Organization of the Executive Branch of Government—the Hoover Commissions which made exhaustive analyses of federal departments and agencies. He has been a member of the Senate Committee on Appropriations for 14 years.

A veteran of 20 years in the Senate, Senator McClellan has become most widely known through his forceful investigations of organized crime and labor racketeering. His "bill of rights" section in the Lan-

drum-Griffin Act, providing for internal union reforms, was one outgrowth of these probes.

In an effort to strengthen congressional machinery for dealing with Administration budget requests, Senator McClellan is seeking establishment of a Joint Committee on the Budget. He regards such a committee, which would have a non-political staff of experts, as an important step toward eliminating waste and needless or excessive appropriations. The bill has been approved by the Senate in the last five Congresses, but has died in the House in each case. He has re-introduced it this year with 76 senators as cosponsors.

In this interview, Senator McClellan sets forth his ideas on spending reform and tells how the federal budget can be cut.

**Senator McClellan, what do you feel is the most urgent task confronting Congress in 1963?**

The most urgent task is the duty to reduce federal expenditures substantially, move toward a balanced budget, and strive for the restoration of fiscal integrity in govern-

ment. Then, and only then, can a substantial reduction in taxes be justified.

**Do you see any signs that the rise in federal spending may be slowing?**

There is no evidence to warrant the conclusion that the rise in federal spending has been slowing. Rather, there is conclusive proof that federal expenditures have been continually rising.

I am convinced, however, that there is now developing in Congress a more favorable sentiment toward economy. This, I think, will lead eventually to some reductions in federal expenditures.

Public sentiment for a reduction in government spending is also rising and is stronger today than it has been at any time during the past several years. This is a good omen and, if constituents will let their representatives in Congress know that they expect and insist upon substantial cuts, Congress will respond to their demands.

**What are some of the dangers of rising federal spending?**

Continued excessive spending,





YOICHI OKAMOTO

**"Continued excessive spending can only result in chaos and fiscal disaster," says Sen. John L. McClellan, Government Operations Committee chairman**

financed with borrowed money and consistently producing large deficits, can only result in chaos and fiscal disaster. There can be neither real economic growth nor true strengthening of our position in relation to other nations when these are based on a pyramiding of the national debt—on practices that amount to fiscal irresponsibility.

I think Franklin D. Roosevelt gave a correct answer to this question when he said in a campaign speech in Pittsburgh on October 19, 1932, that:

"If the nation is living within its income, its credit is good. If in some crisis it lives beyond its income for a year or two it can usually borrow temporarily on reasonable terms. But if, like the spendthrift, it throws discretion to the winds, is willing to make no sacrifice at all in spending, extends its taxing up to the limit of the people's power to pay, and continues to pile up deficits, it is on the road to bankruptcy."

We have already traveled too fast and too far down that road. Unless we apply the brakes to spending we may reach that destination sooner than we think.

**Are we counting too much on federal spending to keep our economy moving ahead?**

Indeed we are. State and local governments, in view of heavy federal spending, have come to rely too frequently on the central government for aid and support in financing projects and programs that under the Constitution are rightly the responsibility of the states and the local governments.

In view of the spending practices and policies of the federal government and the high taxes it has exacted from the normal sources of state and community revenues, a feeling has developed that state and local governments should be vigilant and insistent upon getting "their fair share" of monies expended by the federal government in those areas. In these circumstances many state and local officials feel that they would be derelict in their duties if they did not seek and obtain federal aid and assistance whenever it is available. Initiative of state and local governments will not return until these federal giveaway programs are eliminated.

The philosophy of the government continuously initiating new programs and living beyond its means necessitates levying high taxes that take more and more from the profits of business and the people. It fans the flame of inflation, stifles individual initiative, and constitutes a serious deterrent to capital investment.

**What should Congress do to control spending?**

It should immediately cut the present budget and hereafter systematically reduce federal expenditures in every area where it can be done without risk to our security or dispensing with necessary services and functions of the government. It should also stop enacting laws that create new spending programs or that expand or enlarge existing programs until our economy and federal revenues make it possible to achieve a balanced budget.

**What would be the effect of the Joint Committee on the Budget which you have proposed?**

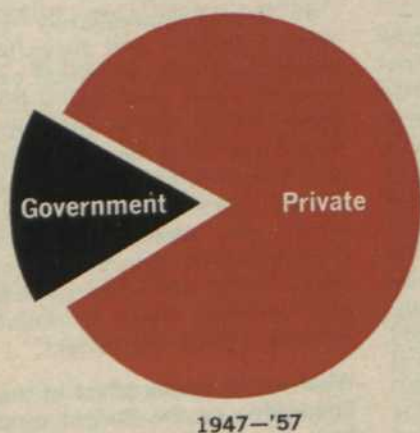
The Joint Committee on the Budget, which would be comparable  
(continued on page 44)



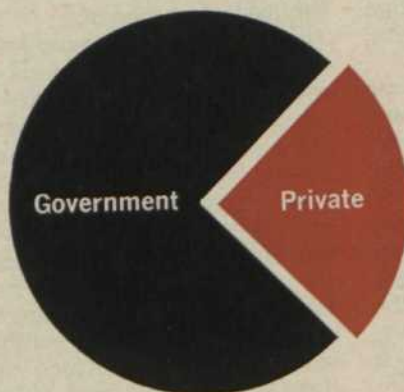
## TAXES & SPENDING:

# HOW INVESTMENT CREATES JOBS

Controversy over tax-cut proposals spotlights  
role of risk capital in nation's economic rise



1947-'57



1957-'63

Percentage of  
new jobs created  
in the private  
sector of our  
economy has de-  
clined since 1957.  
Trend points up  
the need for  
more private  
investment



MORE PRIVATE INVESTMENT is needed to create the jobs which America will need to provide employment for 26 million new workers in the 1960's—an average of 25,000 new jobs each week.

There is general agreement on this among business leaders and economists in and out of government.

Many authorities note that the nation's tax structure has been a major deterrent to increased private investment and thus to the creation of more jobs. Punishing tax rates imposed on individuals and corporations discourage risk use of capital, they point out. Union spokesmen—who also have a stake in job-creation in business and industry—lean to the view that what's needed is a tax-cut program that would stimulate spending by consumers.

Amid these differing opinions stands the unassailable, but often disregarded, fact that private investment is a key job-maker. While some can validly single out instances where business spending for new plant or equipment—for new efficiencies in production—temporarily dislodges workers, the long-term experience shows that private investment produces more jobs than it eliminates.

In 1962 alone, according to Louis J. Paradiso, economist in the Office of Business Economics, U. S. Department of Commerce, some 6.5 million persons could trace their employment directly to private capital expenditures of \$50 billion in that year.

The \$50 billion spent last year was raised through various means by business and industry to finance new plants and equipment. Some of it was venture capital contributed directly from the savings of individuals to launch new enterprises.

Some of it was capital derived from corporate earnings plowed back for growth purposes, or capital secured through bank loans—again, money saved by individuals or businesses.

The importance of private investment as a job-creating force takes on a special significance when viewed against employment trends.

From 1947 to 1957, according to Deputy Assistant Secretary of Labor Seymour L. Wolfbein, 76 per cent of all the new jobs created in the American nonfarm economy stemmed from private innovation, initiative and investment. Since 1957, the private sector of the economy has accounted for only 36 per cent of the total number of new jobs.

"Obviously," Mr. Wolfbein says, "there is a need for greater job-creating activity in business if the private sector of the nation's economy is to retain the vigor it displayed prior to 1957."

George Terborgh, research director of the Machinery and Allied Products Institute, says his studies disclose a clear correlation between the investment rate

and growth rate in various industrialized countries.

Moreover, he says, "The lowest rates of unemployment are found in countries with the highest rates of investment."

Since the end of World War II, many new products, processes and services have emerged as the result of multibillion dollar outlays of private funds for their development and commercial introduction. With such products, processes and services have come new jobs, many of them unheard of even in the recent past.

The examples are too numerous to catalog in their entirety, but a few can be cited:

1. In 1955 there were only 500 general-purpose digital computers with a total value of some \$250 million installed in the United States. Today there are more than 11,000 such computers in use. Their value exceeds \$4.5 billion. With the investment in computers have come new jobs. Some 200,000 more computer programmers alone will be needed by 1970, according to recent estimates.

2. The transistor—another postwar development—had generated 40,000 new jobs by 1960, according to the American Telephone & Telegraph Company. Before this job-creating force could be unleashed, millions of dollars were invested in research and development.

3. Developments in electronics and chemicals offer other illustrations of how investment has created not only new jobs but new companies, or skyrocketing expansion in firms already in being.

Job-creating investment is not just a phenomenon of sweeping new industrial breakthroughs and revolutionary technological advances. It is evidenced in all fields of business activity, wherever the search for new ideas and new markets spurs new incentives for risk-taking. It's the laundromat, the pizza parlor, the photo-copying machine, the compact car, the better backyard barbecue grill.

But it all begins with an idea and a willingness to take risk.

In October 1940 Leonard P. Pool, a 36-year-old industrial gas salesman from Minneapolis, hit on the idea of building oxygen-producing plants alongside steel mills, which use large amounts of oxygen in their furnaces. Mr. Pool worked out details of his plan, scratched together \$80,000 from loans and his own savings, designed and built his first oxygen generator next door to the Rotary Electric Steel Company of Detroit. The oxygen produced by Mr. Pool's equipment was quickly delivered to Rotary Electric, saving thousands of dollars in conventional long distance truck shipment.

Mr. Pool had fewer

(continued on page 82)



# A LOOK AHEAD by the staff of the

## World trade conference set

(Foreign trade)

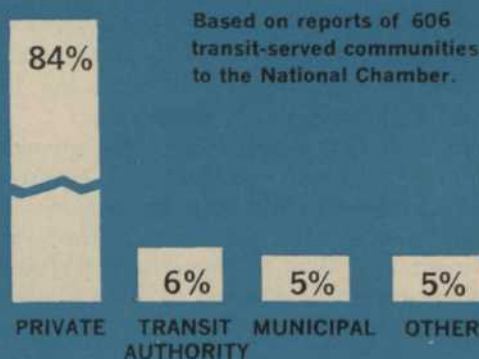
## Personal service wanted

(Marketing)

## Energy resources studied

(Natural resources)

### Who runs nation's transit systems



### AGRICULTURE

Prospects for future U. S. agricultural exports to the Common Market countries depend on our success at the bargaining table.

The Common Market seeks to become self-sufficient in major food products and at the same time protect farm income levels by removing internal trade restrictions and erecting a common tariff barrier against the outside world. Major U. S. farm products most likely to suffer include wheat, feed grains, poultry, rice and flour.

The authority provided under the 1962 Trade Expansion Act will be helpful in negotiating the easing of trade restrictions, particularly if we succeed in treating negotiations on agricultural and industrial tariffs as a single package. This is one of the issues to be faced at the forthcoming meeting of GATT (General Agreement on Tariffs and Trade).

### CONSTRUCTION

Look for disruption of the competitive balance in the construction industry if Congress approves the Administration's proposed civilian industrial technology program.

Under this proposal, the Commerce Department would—beginning with certain industries, including construction, textiles, and machine tools—dispense research grants to increase the supply of civilian scientists, develop and oper-

ate extension and information services, give grants to selected industry research associations and institutions, and provide research facilities to selected firms.

The Department would have authority to decide which firms or industries were leading, which were lagging; who would get money and services, and who would not.

These decisions would upset the industry, penalizing the efficient and establishing significant areas of potential government control over the profitability of the individual firm and the rate and direction of industrial growth.

### CREDIT & FINANCE

Those who thought Congressman Wright Patman's approach to banking legislation would change when he assumed chairmanship of the House Banking and Currency Committee may be surprised.

Congressman Patman has announced his plans for a large-scale series of investigations. In his formal request for \$530,000—an increase of 245 per cent over the committee's budget for the last Congress—Mr. Patman stated he intends to conduct "objective fact-finding investigations and reports of a high scholastic order."

His request was trimmed to \$180,000 for the first session of the Eighty-eighth Congress, so he must apply for more money next year. The cut in funds will reduce the number of investigations, but not the scope.

Most of the new funds will go for expansion of the committee staff, drawing from the academic community. Some of the new assistants would remain only long enough to complete a particular phase of investigation.

### FOREIGN TRADE

Tentatively scheduled for May 1964, the United Nations Conference on Trade and Development promises to be one of the most significant developments in world-wide consideration of international trade problems since the historic Havana Conference on Trade and Employment under U. N. aegis in 1947.

A provisional agenda indicates the efforts being made to attack problems of crucial concern to the developing nations and of almost equal concern to the industrial nations.

Included are such topics as: International commodity problems; trade in manufactures and semimanufactures; implications of regional economic groupings; financing for expansion of international trade; and institutional arrangements, methods and machinery to achieve expansion of international trade.

### GOVERNMENT SPENDING

If current sentiment is any guide, the issue before Congress is not whether President Kennedy's budget will be cut, but how much. Before the budget was even submit-



# Chamber of Commerce of the United States

ted, but when its general dimensions were known, both the senior Democrat and Republican on the House Appropriations Committee publicly stated that deep cuts were needed. Since that time, details of recommended cuts have been outlined. In the next weeks and months, such heretofore sacrosanct areas as defense and space spending are slated for rigorous scrutiny.

Many congressmen predict that this year's foreign aid cuts will be deeper than ever, reflecting a national dissatisfaction with the program. Even National Institutes of Health appropriations are suspect in view of their steep rise. Other areas scheduled for a close look are: swollen federal payrolls, nondefense research, nondefense public works, and new civilian-domestic programs generally.

## LABOR

Legislative experts give equal pay for women proposals an excellent chance for passage. Hearings were held by the House Education and Labor Committee last month.

The bills, however, would give dangerous police and investigatory powers to the Labor Department.

Ostensibly, the bills prohibit any employer paying his female employees less than male employees.

Some of the provisions are causing alarm to management. The Labor Secretary would have power to prescribe rules and regulations. He also would be prosecutor, judge and jury, with authority to hold hearings, prosecute the employer and then decide the case.

## MARKETING

Market analysts warn that service, as an aid in pushing goods through distribution channels to the customer, must not be downgraded.

Stirred by the rapid trend to self-service selling and elimination of human contact, department stores especially are making a mistake in allowing themselves to be caught in the trend toward "neat, automatic operations," states one specialist.

A special survey of over 4,000 women shoppers in two large cities showed that about three fourths of

them still want such traditional services as salesclerks, delivery, phone orders, charge accounts, and convenience of returning merchandise.

A new book on merchandising techniques notes that "Service is not dead; it is simply moribund." The book further points out:

"The greatest retail business in the U. S. is the business that walks out of every store, every department, every section, every day—unsold."

## NATURAL RESOURCES

President Kennedy is evidently not completely satisfied with the report made in 1962 by the National Fuels and Energy Study Group of the Senate Committee on Interior and Insular Affairs.

Dr. Jerome B. Wiesner, Director of the Office of Science and Technology, told the Joint Atomic Energy Committee that the President has ordered a top-level government review of development and use of all the nation's energy resources in order to determine the best direction for research and development efforts.

In the same congressional hearings, Dr. Glenn T. Seaborg, chairman of the Atomic Energy Commission, said the present objective of the AEC nuclear power program is to shift from a "government program to an industrial program with government help." Over the next several years the AEC will support the utility industry in the construction of 10 to 12 full-scale power plants to demonstrate competitiveness (with conventional electric power generators) of steadily improving reactors.

Dr. Wiesner said that AEC's report was significant but the President must view it in the broader context of our total energy picture.

## TAXATION

Some of the President's tax proposals will never get off the drawing board. Subjected to the strongest criticism was the Administration's plan to place a five per cent floor under all personal deductions. Taxpayers with widely varied interests

found little to recommend this proposal.

Indications are that, if present pressures continue, this item will never emerge from the executive sessions of the House Ways and Means Committee.

In his first tax message, which spawned the Revenue Act of 1962, the President requested repeal of the dividend credit and exclusion. The credit and exclusion were originally designed to alleviate in a small measure the double taxation on corporate earnings. In 1961 this recommendation fell by the wayside.

Back again, it will again be shelved if the taxpaying public is sufficiently aroused.

Over-all, this year's presidential tax proposals leave much to be desired.

## TRANSPORTATION

Some persuasive facts and figures have recently been established on the attitude of the nation's business leaders toward a proposed new federal program for direct subsidies to help develop urban mass transportation systems.

A fact-finding survey of some 2,700 local chambers of commerce was recently conducted by the Chamber of Commerce of the United States.

More than 1,200 chambers from all 50 states and the District of Columbia responded.

The most important question was: "What does your chamber feel is the proper role of the federal government in local transit matters?" In reply, only about three per cent of those chambers representing areas served by transit systems favored a federal grant program. The overwhelming majority—75 per cent—felt that the federal government should not undertake any kind of a program—whether it be grants, loans, loan guarantees, or otherwise.

Of 436 chambers commenting on the financial status of their transit systems, 280 indicated their systems made a profit. Also noteworthy was the fact that 130 operators showed a profit each year over the last six to ten years.



## BUDGET MUST BE CUT

*continued from page 39*

to the present Joint Committee on Internal Revenue and Taxation, would equip Congress with the essential tools that it needs to inform itself adequately on expenditures that may be excessive or non-essential.

Unless and until Congress establishes such a committee to assist it in evaluating budget requests for appropriations, it will no doubt go on just as it has heretofore, making appropriations more or less blindly and without adequate information on which to base a sound judgment.

### Where and how much can spending be cut in the 1964 budget?

It is impossible to answer this question in detail. There are thousands of items in the budget. Among those thousands many can be reduced and some eliminated without seriously impairing any essential function of the government.

Selective cuts can be made in the Defense Department; some, I am sure, in space appropriations; a substantial reduction can be made in foreign spending, and an over-all reduction in requests for salaries of personnel can be made.

At least one position out of every 20, or five per cent, could be eliminated from the federal payroll. If this five per cent cut were made, we would still have more government employees than we had on December 31, 1960.

Such a reduction would save more than a half billion dollars annually.

We should remember that the Administration's legislative proposals for new programs or the expansion of existing programs, if enacted into law this year, will further increase the cost of government in the nondefense area by \$4 billion annually.

I do not oppose all of these proposals but most, if not all, of them should be deferred until we are able or willing to pay them.

### What are some of these proposals?

Federal aid to education, health care for the aged under social security, additional funds for the Area Redevelopment Administration, mass transit, a youth conservation corps and a domestic peace corps.

### Do you think there is any danger of federal influence growing through such programs as aid to education?

I do. Any broad, over-all program of federal aid to education will inescapably carry with it a measure of federal domination.

As the American people consider this proposal they should understand that approval of it will involve to some degree a surrender of their authority and their control over their public school system. The more the federal government spends for this purpose the greater its investment will be, and the more it invests the greater will be its influence and control.

### Are you also concerned about the proposal to provide health care for the aged under social security?

Yes, I am, but in my judgment less harmful consequences would flow from complete federal financing through social security of medical care for the aged than will result from federal expenditures and control over our public school systems.

### Would a reduction in spending create more unemployment?

Yes, slightly in some areas, but only temporarily. The unemployment that would result from reduced federal expenditures would, in a short time, be more than compensated for by the energies that would be stimulated and released from private investment sources which would create more jobs than were eliminated by the government's economy.

We should also keep in mind that, if tax sources are released that rightfully belong to the states but which now are more or less usurped by the federal government, then state and local governments could make additional expenditures in areas of their responsibility and this would also create jobs and stimulate employment.

### Have our continuing budget increases been largely due to growing defense costs?

No. It is true that defense costs continue to make up over 50 per cent of our budget. However, the percentage that they represent of our total federal expenditures has declined considerably in the past 10 years.

Some people argue that the size of the budget is unimportant as long as it doesn't exceed a certain percentage of our total national production. What is your opinion of this?

The size of the budget should be directly related to the proper functions of the federal government and not to any hypothetical percentage of gross national product. A government should not tax more than is necessary to finance and provide for legitimate governmental functions at reasonable cost.

END

## Watch for:

### Double standard boosts union power

Privileges accorded to organized labor under our laws and government policies aggravate four great national problems, university analyst warns. The remedies are suggested by business executives.

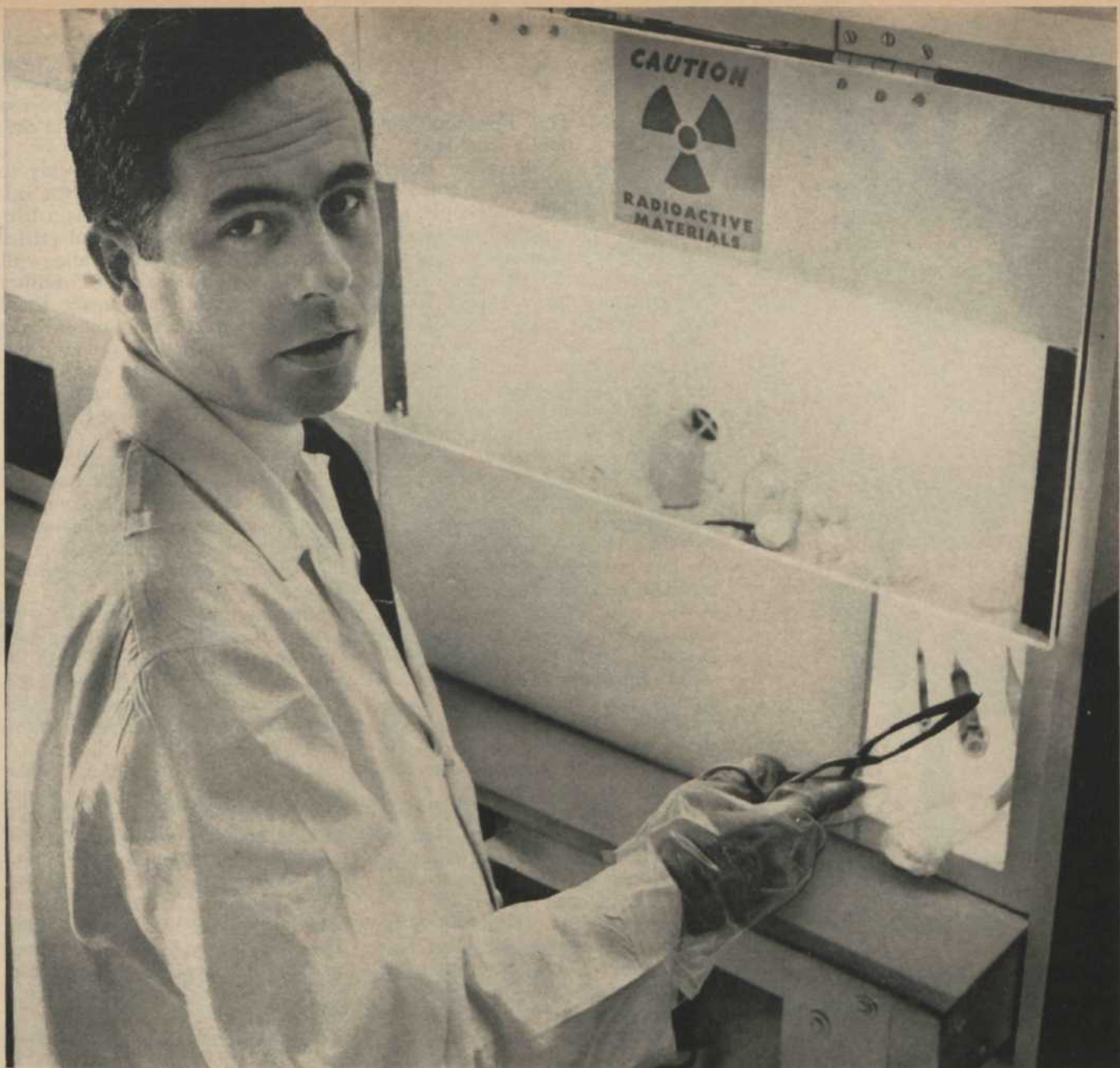
### Get work done faster

Barriers that keep you from accomplishing what you should can be classified four ways: other people, external circumstances, practices and procedures, and yourself. Here's how to handle each.

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## Nation's Business





*Dr. Wilfred Konneker of St. Louis owns his own company specializing in radioactive pharmaceuticals*

## **"Group Insurance? Is an outfit like mine a 'group'?"**

**"Then a MONY man showed me I could offer the same benefits as the big boys."**

"My company is a 'think' type outfit. We have just a few people here, mostly specialists.

"So I never figured on group insurance. I thought only big industrial companies were set up for that.

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"He set up the plan, and took the time to explain the details to each of my employees. Now he comes out to check on things regularly. As you'd expect, the plan runs like clockwork.

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Why not let MONY help *you* with your employee benefit program, the way a MONY man helped Dr.

Konneker? MONY can advise you in the whole "fringe benefit" field.

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*Find out how you can offer the same type of benefits as giant corporations. Write to Dept. NB 463, The Mutual Life Insurance Company Of New York, 1740 Broadway, New York 19, New York.*

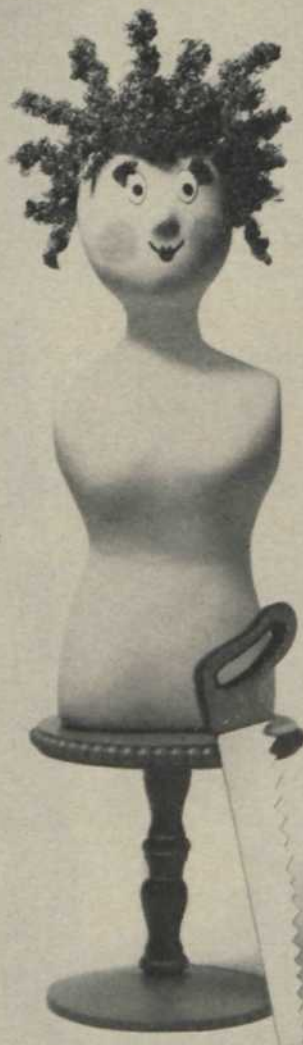
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MUTUAL OF NEW YORK

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## WHAT PEOPLE WANT

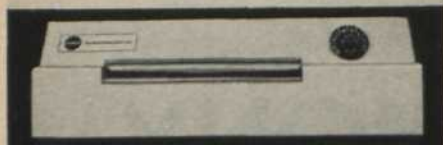
continued from page 35



### How to saw a lady in half (and make her like it)

One-step photocopy machine cuts photocopy work in half. Half a girl can do it. Whole girl can do two things at once. New Swiss machine eliminates the old-fashioned second step (no "negative" to stuff back in). Prevents mistakes. Government approved. Saves time and payroll. No drying time. Chemical action stops automatically. Cartridge loading; hands never touch fluid. Very sound. Very foolproof. Very Swiss in precision. So American in speed! That's why we call it...

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of tax cuts. The President also hinted at a public campaign to bring public opinion more closely in line with administration thinking. "We can take it to the people, as I am today, and on other occasions."

A careful rationalization of the tax program was detailed in the President's economic report. Treasury Secretary Douglas Dillon presented an exhaustive elaboration of the tax recommendations before the Ways and Means Committee.

The Treasury Department is "not planning a razzle-dazzle campaign of public education, but we're doing our level best to get our viewpoint across," a Treasury spokesman told *NATION'S BUSINESS*.

A heavier speech-making schedule has been geared up for Secretary Dillon, Under Secretary Henry Fowler and other Treasury aides. Commerce Secretary Luther Hodges, Small Business Administrator John Horne and other administration officials have been assigned to teach the public more about the Kennedy tax proposals. Mr. Heller is making speeches and appearing on television.

In Congress, such leaders as Rep. Hale Boggs of Louisiana, a member of Ways and Means, are running interference for the administration plan. Mr. Boggs told *NATION'S BUSINESS*: "The chances for the Administration's trade bill last year looked dim at first. But when different groups in the country started beating the drum for it, the support grew and we passed it."

Treasury Secretary Dillon argues that, "It would be a grave mistake to require any tax reduction today to be offset by a corresponding cut in expenditures."

Mr. Dillon admits that "the incentive effects of tax reduction would remain." But he told Congress that "total jobs and output would shrink as government contracts were cut back, workers were laid off, and projects ended."

Of course much of government spending has nothing to do with the number of workers. And, ironically, Mr. Dillon immediately followed his plea for no spending cutbacks with the argument that, "In today's circumstances, it is desirable to seek expansion through our free market processes—to place increased spending power in the hands of private consumers and investors and offer more encouragement to private initiative."

Budget Bureau Director Kermit Gordon has promised that a tax cut would be accompanied by an economy program, undoubtedly spurred by the public reaction against deficit spending.

The Administration is trying to create the impression that the upcoming fiscal 1964 budget is a bargain basement budget. But critics point out that federal spending will have risen by more than \$17 billion in the first three Kennedy fiscal years. Secretary Dillon himself has admitted spending will probably exceed \$100 billion next fiscal year.

Henry Hall Wilson, administrative assistant to President Kennedy, notes some reluctance on the part of the public to embrace the Kennedy belief that tax cuts now are the proper fiscal steps. He concedes there is a "considerable element of thrift-thinking," but maintains that the less-than-enthusiastic reception to the tax program is based on "confusion and suspicion."

With the 1948 and 1954 tax cuts "the public just didn't benefit in any way they could detect," he told *NATION'S BUSINESS*. "But once they understand this program, they will see that they will benefit."

Much of the opposition to the administration program comes from those who believe that job-making investment won't be stimulated enough. Spending for plant and equipment is what has lagged in the economy. It is down two per cent over the past five years. Giving the main tax relief to the lower brackets stimulates purchasing power, which, by contrast, has risen 17 per cent over the past five years.

The present sharply graduated income tax rates, adopted to provide emergency revenue in wartime, not only discourage the initiative to earn more, but provide little revenue in the higher brackets. The Administration recognizes this. But some of the changes proposed would wipe out relief that lower proposed rates might bring.

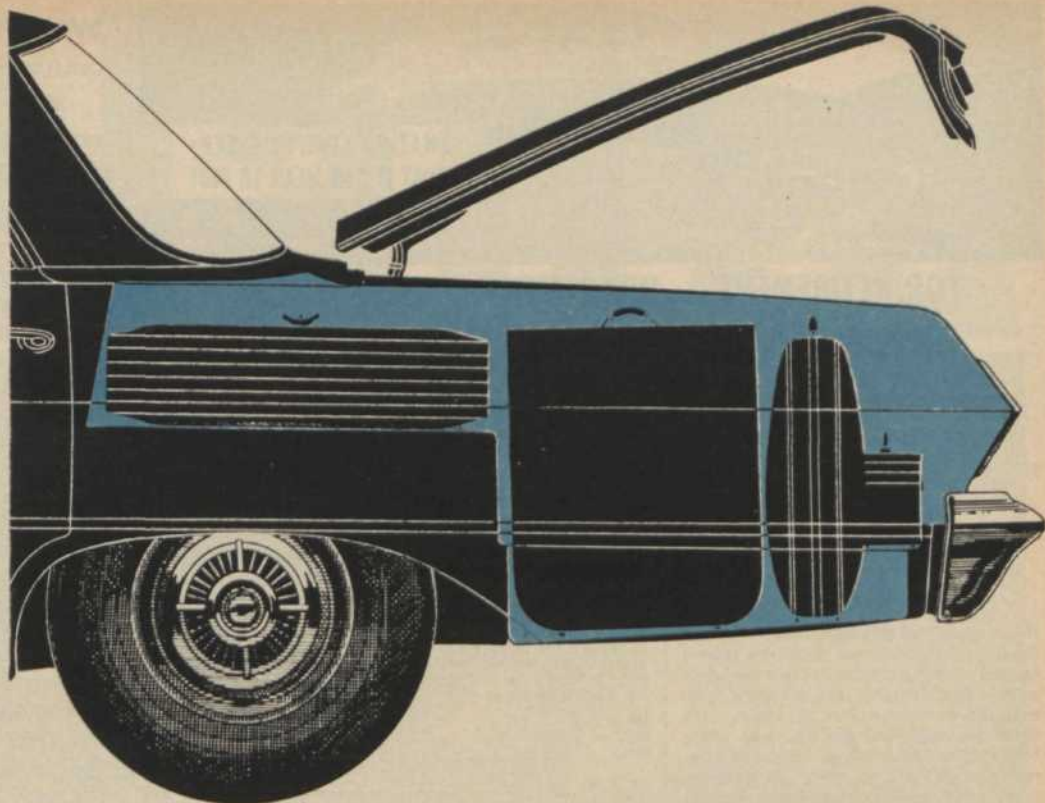
One of the major targets for criticism is the proposal that tax deductions—such as those for mortgage interest payments and charitable contributions—be limited to that amount which exceeds five per cent of the person's adjusted gross income. The people who take these deductions are, in the main, those paying most of the taxes. In many cases, they would pay more taxes, not less. Correspondence to Ways and Means Committee members reflects sharp disagreement with this provision.

A New York man, for example,



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generator, self-adjusting brakes and brand-new 6), some of the things that make Chevrolet your best fleet buy haven't changed for '63. That goes for resale value, too—traditionally the highest of any full-size car in its field. (How's that for a clincher?)

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*Keeps Going Great*

'63 Bel Air 2-Door Sedan





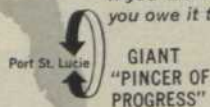


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says Arthur R. Hess, Supt. of The Glidden Company's Carrollton Plant, Carrollton, Texas

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## WHAT PEOPLE WANT

continued

said: "I am against the tax bill which would curtail the homeowner's deduction for local taxes and interest. . . . [This is] the largest double cross ever perpetrated on American homeowners."

A Wisconsin lawyer wrote that he was "horrified" at the White House proposals. He predicted "the liquidation of the middle class," adding: "At least 70 per cent of our clients in our town have placed mortgages on their homes in order to go into business." He pointed out that this would place a hardship on them if the deduction for interest payments were limited.

A Long Island man wrote: "I am one of those hundreds of thousands of middle management executives who earn over \$8,000 and up to \$30,000 a year. When I compared my 1962 federal income return with the same return calculated under the new proposed formula, I found that under the 'lower' rates I would pay from \$75 to \$150 more per year."

Many of the letters reveal a more general concern about tax-cutting without expenditure-cutting.

An Arizona man commented: "I don't want my grandchildren to use the phrase 'Not worth a Kennedy dollar' as my grandparents used the phrase 'not worth a continental.'"

A letter-writer from New York noted sarcastically: "Some administration leaders talk about temporary deficits for the next several years. Deficit financing has been alleged to be temporary since Franklin D. Roosevelt's time."

A Detroit man advised his representative, a Ways and Means Democrat: "Your opposition to the incredible idea of a tax cut without cutting federal spending will save you many votes here at home."

A Texas insurance man cautioned: "Our present deficit financing philosophy is dishonest, is stealing from future generations and is a disgrace to us as a nation, to say nothing of its inflationary results. It is almost sure to force us off the gold standard by causing less respect for the dollar."

Whether enough drums will be beaten in the months ahead to push through the Kennedy tax plan no one knows. But whatever cuts are finally passed will likely be offset at least partly by reduced or postponed appropriations for the host of new and old federal programs.

END



# Atlanta



PHOTOS: (TOP) SKILLED HANDS TYING STEEL REPRESENT ATLANTA'S LABOR MIGHT. (LEFT) THOUSANDS SEE BROADWAY PRODUCTION IN ATLANTA'S "THEATRE UNDER THE STARS." (RIGHT) NEW BUILDINGS HAVE GIVEN ATLANTA A NEW SKYLINE WITHIN THE PAST THREE YEARS.

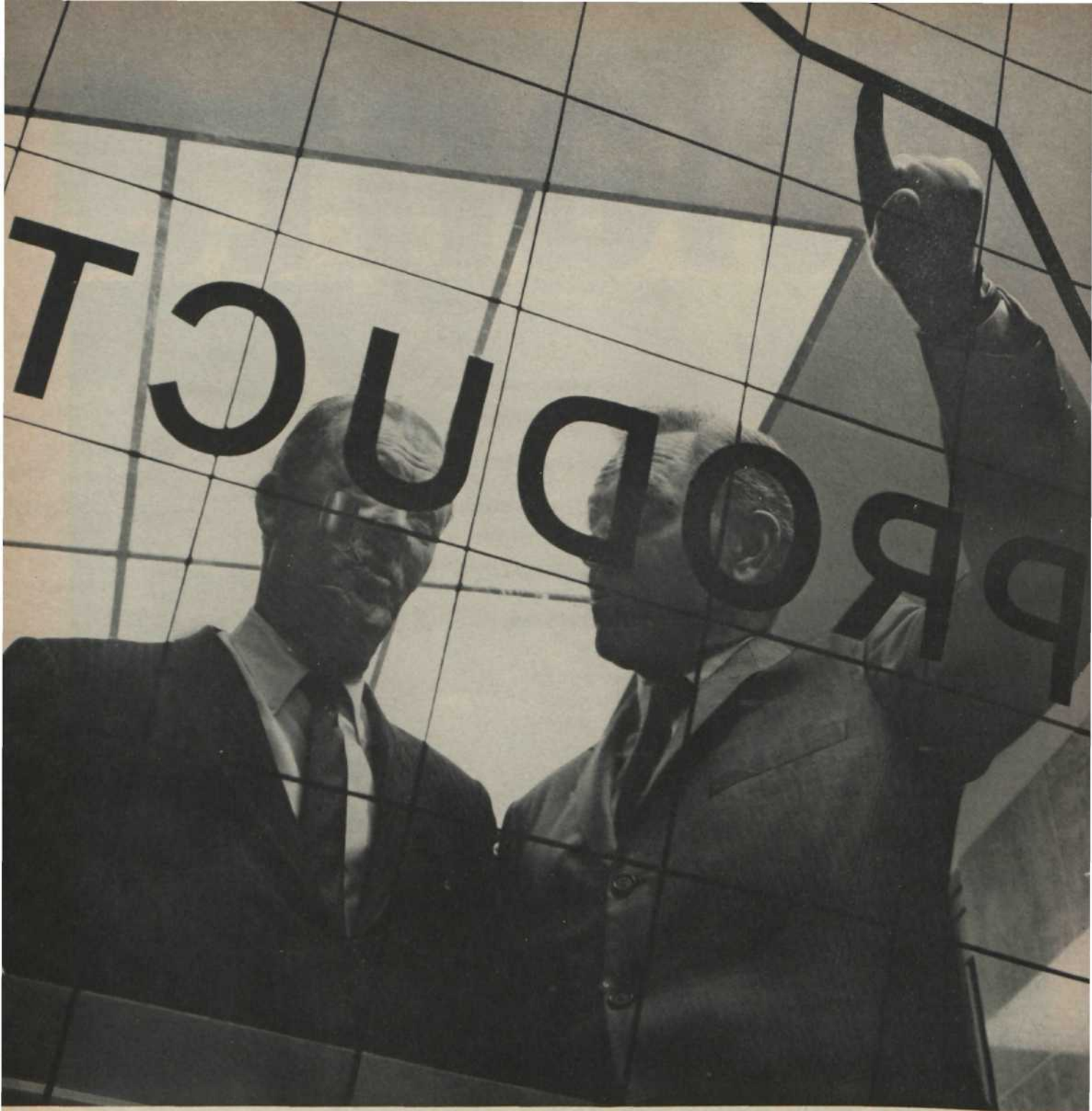
## ... greater value added per dollar wages paid

What is the value added by manufacture in your area per dollar of wages paid? In a significant number of industrial classifications, the value added in Atlanta is much higher than in many other industrial regions (e.g., Electrical Distribution Products: value added in Atlanta is \$3.76; New York, \$2.64; Chicago, \$2.90). Atlanta also has one of the nation's lowest work-stoppage rates and the Southeast's largest concentration of labor. Nearly 4,000 graduate yearly from Atlanta's 19 colleges and universities, including an increasing number of engineers, scientists, and technicians. Find out about opportunities in Atlanta for your company. Just write on your company letterhead, wire, or call. All inquiries confidential.



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vide a time payment or leasing plan.

For more information on how to *keep pace electrically*, write NECA—National Electrical Contractors Association, 610 Ring Bldg., Washington 6, D. C.

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NATIONAL ELECTRICAL CONTRACTORS ASSOCIATION



# PERSONAL OUTLOOK

## Green thumb advice

**Like to have** a lawn like the greensward of an English manor?

Apart from all-important frequent mowing, British turf experts say the secret is for your gardener and/or you to do a little constructive work at regular intervals.

They suggest:

Compound fertilizer applied about now is likely to be inadequate. Additional nitrogenous "top up" is usually required later.

Excellent one is sulphate of ammonia at one-half ounce per square yard.

Mix with at least four ounces per square yard of sieved sandy soil, or mixture of sand and soil, or fine compost.

Response is quick. So take care to spread evenly to avoid scorching.

Weed-killing is most effective about 10 days after applying sulphate of ammonia.

Mow first, then apply weed-killer.

Suggested watering guide: four to five gallons per square yard per week.

Puncture surface on banks and undulations to aid water penetration.

## Take it easy

**American Medical Association** highly recommends gardening as "splendid therapy and good exercise" whether it's your avocation, or you putter, or superintend.

AMA points out gardening entails some health hazards—most of which can be avoided.

If you've done little more strenuous than sit by the fire most of the winter, take it easy the first few week ends. Give your muscles and wind a chance to regain strength gradually.

Tetanus germs lurk in the soil. Home gardener who fails to get a shot of tetanus toxoid

at beginning of season is risking serious trouble with lockjaw.

Gardening brings cuts and scratches.

Recommended first aid:

Let them bleed a little to wash away impurities, wash wounds with soap and water, apply adhesive bandage.

Bees, wasps, spiders are also out for spring season. Sting isn't serious for most people. If you're allergic, be sure to ask your doctor about desensitizing injections.

## Fighting the big itch

**Another summer hazard** is the big itch—poison ivy.

AMA says there's no cure.

Lotions and ointments only ease pain and itching while it runs its course.

Recommendations for treatment:

Wash infected spots thoroughly several times, using plenty of soap and hot water.

If you get a light case, use calomine or some other soothing solution.

If face or eyes are involved by all means see a doctor quickly.

Agriculture Department pamphlet suggests that in all cases the safest procedure is to consult a doctor.

U. S. Public Health Service recommends treating mild cases with wet compresses of boric acid or starch solution baths.

Photographer's hypo solution has been used with good results in many cases.

Better leave inflamed areas exposed rather than cover them with dressings.

## Buying man's best friend

**Thinking about buying** a dog?

More than one million dog sales are expected



## PERSONAL OUTLOOK

this year. Where can you get reliable information?

Contact American Kennel Club for breeders in your area through which you can get a sound dog.

AKC will also tell you who specializes in a particular breed, or will refer you to editors of one of 75 magazines dealing with purebred dogs.

This service is free whether or not inquirer has a dog registered.

Address is 221 Park Avenue South, New York 3, N.Y.

One of top judges in U. S., Col. Frank Foster Davis, offers these tips on buying:

Two preferable times are when dog is about eight weeks old ("a gamble") or about seven to eight months.

Buying the older puppy is wiser because it's matured enough that you can tell something about temperament.

Any form of shyness is worst characteristic dog can have. Worst biters are shy dogs.

Another reason for buying older puppy is to let breeder get him over teething trouble.

This usually starts at about five months and is when dog's resistance to disease is lowest.

You'll pay a higher price at seven to eight months. At this time breeder is just about breaking even with a price around \$100. This is fair price for companion puppy.

Price range varies by breed.

Poodles are bringing top dollar now.

### Offbeat Paris guide

**Whether you visit** Paris in April or another time, you can find many first class but not "big name" attractions.

For your consideration, Personal Outlook occasionally lists places and pleasures off the

traditional tourist path. (London: November 1962.)

Discriminating travelers vouch for these in the French capital:

Hotels—Raphael (Avenue Kleber); Lutetia (Boulevard Raspail).

Rooms (no restaurant)—Saxe-Residence (Villa de Saxe).

Restaurants—La Flamberge (Avenue Rapp); Mere Michelle (Rue Rennequin); Andronet (Rue d'Amsterdam).

Shops—Franck et Fils (Rue de Passy), women; Madelios (Place de la Madeleine), men; Fauchon (Place de la Madeleine), exotic foods.

Sightseeing—Place de Vosges and neighboring Le Marais for 16-18th Century buildings—oldest part of Paris; Chateau de Vincennes; Jardin de Plantes.

Tip—for snacks the restaurant at top of Galeries Lafayette department store is excellent.

### Sports Sense

**Average man** can participate in active sports until he's 60 or older, according to American College of Sports Medicine.

It offers this advice to those over 40:

No food for three hours before sports activity. No drink within an hour before you start.

Warm up for about 10 minutes before game.

Rest periodically during game. With fast sport, stop every half hour or so and relax for as much as 15 minutes.

Don't go right into cold shower or swimming pool. Bad for your blood pressure.

To quench your thirst, sip a couple of ounces of water with a pinch of salt. A bit of sugar is also beneficial.

Late afternoon recommended for sports, which, contrary to popular opinion, will cut down your appetite.



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Saving money for its clients is a preoccupation with Insurance Company of North America. In the case of National Steel, INA constructed a business insurance pro-

gram *custom-fitted* to the company's needs and operations. Overlapping coverage was eliminated. So were dangerous gaps in coverage. Lower premiums resulted.

INA can build an efficient program for your business, large or small. With ingenuity, experience and more than \$1¼ billion in assets, INA is eminently qualified.

Phone your broker or INA agent about INA business insurance programs. He also knows about thrifty INA Package Policies for your home, car, health and life.

**INSURANCE COMPANY OF NORTH AMERICA**

World Headquarters: Philadelphia





## THE TAX PLAN

continued from page 33

as a number of economists, lawyers and businessmen.

For example, he urged federal taxation of interest on state and local bonds. And while admitting that Congress might be unwilling to change the situation he said it was giving a very large tax break to homeowners by not requiring them to count as income the rental value of their homes.

He suggested that some lawmakers and congressional staff experts were too prone to take the side of taxpayers seeking special tax breaks, and he pictured the Treasury as an outgunned defender of the public against congressmen under the thumb of business lobbyists. In some of his appearances as a witness on Capitol Hill he came through as pedantic, condescending and somewhat argumentative.

So it was little wonder that his appointment to high Treasury office in the spring of 1961 was greeted with concern in many quarters. Some Democratic conservatives tried at first to persuade the Administration to drop the whole idea; failing that, they attempted to block his confirmation by the Senate or at least take some of the fight out of him. Senate Finance Committee Chairman Harry F. Byrd of Virginia, the late Sen. Robert S. Kerr of Oklahoma, Republican Sen. John J. Williams of Delaware and Wallace F. Bennett of Utah all grilled him at length at the hearing preceding his confirmation.

They demanded—unsuccessfully—that he furnish the still-secret task force report he and four other lawyers and economists had prepared for President-elect Kennedy (another member of that group was Commissioner Caplin, then a University of Virginia law professor.) Senator Byrd accused Mr. Surrey of seeking to have the Treasury, rather than Congress, make tax laws. Other members pressed him for his views on depletion allowances, dividend and interest tax withholding, capital gains tax rates and other hot tax questions.

Senator Bennett recalled that his father told him, "Do right and fear no man," and suggested that Mr. Surrey's motto might well have been, "Don't write and fear no committee of the Senate."

"Because," the senator explained, "much of the ordeal you have been going through has been built upon statements you made and had pub-



Eleanor Enright of Burneff's Holly Hill Nursery

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## THE TAX PLAN

*continued*

lished in situations where, I am sure, you never expected they would be used for the purpose for which they have been used today."

### Hearing was tough

The nominee had a difficult time at his hearing. Over and over, he insisted that he would not necessarily adhere to the views he had advanced earlier.

"A person who changes his role from a private citizen to that of a government official has an obligation to consider all problems in a fresh context," he said at one point. Over and over he cited the fact that a professor only has access to a limited amount of information, where a public official has access to far more information and viewpoints.

"There is a vast difference between recommendations and thoughts when you have the responsibility of a scholar or professor, and recommendations and thoughts when you have the responsibilities of a public official."

But Mr. Surrey also fenced with the senators and did little to alleviate their suspicions. At several points, after insisting he had an open mind on particular proposals, he indicated his predisposition to stick with his previous positions.

Finally, he was confirmed by the Senate only after Secretary Dillon wrote Senator Byrd promising that he, Dillon, and President Kennedy would make tax policy, and not Mr. Surrey.

In the broad sense, this pledge appears to have been kept. Mr. Kennedy and Mr. Dillon have made tax policy in that they have made the final decisions. But Mr. Surrey's role in the preparatory staff work is a dominant one. It was he who framed the alternatives finally put before his superiors and he was a constant and influential participant in the top-level sessions that culminated in the final decisions.

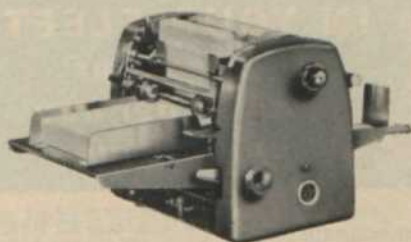
Mr. Surrey supervises a staff of 43 lawyers, economists and accountants at the Treasury. And for the months during which the tax bill was in preparation he drove them hard. He works long hours every day and frequently on week ends and expects the same dedication from his staff.

In the early stages of work, Mr. Surrey and his aides frequently went outside the Treasury for discussions. Representatives of other





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## THE TAX PLAN

*continued*

government agencies which would be affected by the tax proposals were invited to give their views. Interior Department officials, for example, were questioned on suggested changes in the mineral depletion allowance provision.

There were repeated meetings, both formal and informal, with spokesmen for business groups, with officials of labor and farm organizations, with representatives of the legal and accounting professions. Controllers of large companies and accountants were asked, for example, what they thought about the various plans to speed up corporate tax collections; authors and actors were questioned on the several different ways considered to average taxes on widely fluctuating income.

Later there were countless staff meetings, presided over by Mr. Surrey, at which were framed the alternatives to put before Treasury Under Secretary Henry Fowler and Mr. Dillon. Then more staff work, with Mr. Dillon beginning to take a more active part in the consideration.

Then meetings between top Treasury officials and White House Special Counsel Theodore Sorensen and Mr. Heller. Finally came meetings with President Kennedy himself to settle the handful of still-unresolved issues.

### Many views reflected

"The tax program," insists one official who took an active part in its formulation, "was certainly not the thinking of any one man but the residue of the thinking of many people in government and out of government, too." Treasury men stress that no one should underestimate the control maintained by Secretary Dillon. They cite as evidence of his dominant role the familiarity he showed with the program's smallest details during congressional hearings.

But it is certainly indisputable that a large number of ideas Mr. Surrey had advocated strongly while a Harvard professor have turned up in one form or another.

Those familiar with the 1961 tax bill proposed by the Administration were not surprised by this. The pre-inaugural Surrey task force made as a principal recommendation the proposal that a tax credit be given for new business investment, and that became the heart of the 1961 Kennedy bill. Many other



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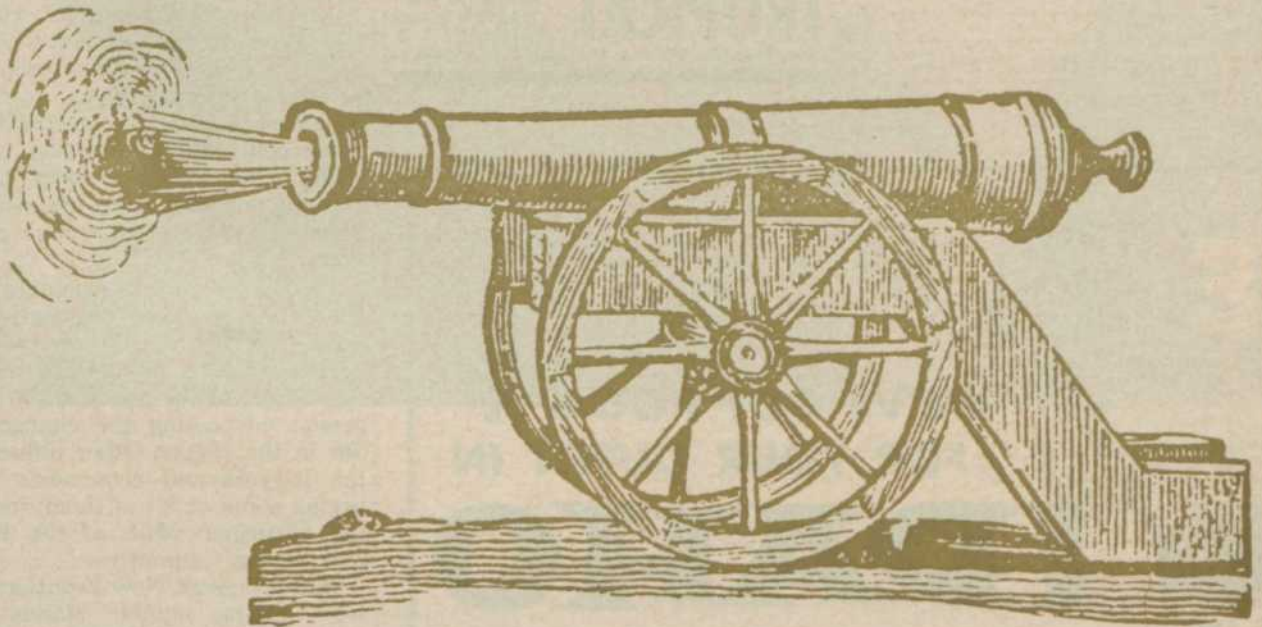
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## THE TAX PLAN

continued

provisions of that bill—tax withholding on dividend and interest income, tougher treatment of income earned abroad, heavier taxes on the sale of depreciated business assets—had been advocated by Professor Surrey.

Moreover, Mr. Surrey played an important role in the debates over whether to push for a quick anti-recession tax cut in the summer of 1962 and over whether to present the 1963 program in a single bill combining tax cuts and revenue-raising tax changes or in two separate bills, one designed for quick tax cuts and the other for reforms destined for less speedy consideration.

A convinced tax reformer, Mr. Surrey can be credited with helping to persuade his boss, Mr. Dillon, and through him, the President, to urge that tax cuts be coupled with revenue-raising changes, using the former as a lever to obtaining the latter.

In 1959 testimony he clearly foreshadowed this position when he declared that "certainly when any revenue reduction occurs it should be accompanied by structural improvement and elimination of as many differentials as possible, or else the opportunity to improve our income tax system may never come."

Mr. Surrey won his point within the Administration, although Congress may still decide otherwise.

It should be pointed out again that Mr. Surrey was not the only person advocating the changes he did in the 1950's. Other influential tax lawyers and economists were urging some or all of them, including Chairman Mills of the Ways and Means Committee.

Many present New Frontiersmen were taking similar stands—Mr. Heller, then a University of Minnesota economist; Professor Caplin, and Harvey E. Brazer, then a University of Michigan economics professor and now head of the Treasury's Office of Tax Analysis.

Also, it should again be stressed that many of the changes Professor Surrey urged were not included in the Kennedy proposals. For example, he wanted to tax interest on state and local bonds and interest accumulated on life insurance. No such recommendations were made by Mr. Kennedy.

In fact some of the Kennedy recommendations ran directly coun-



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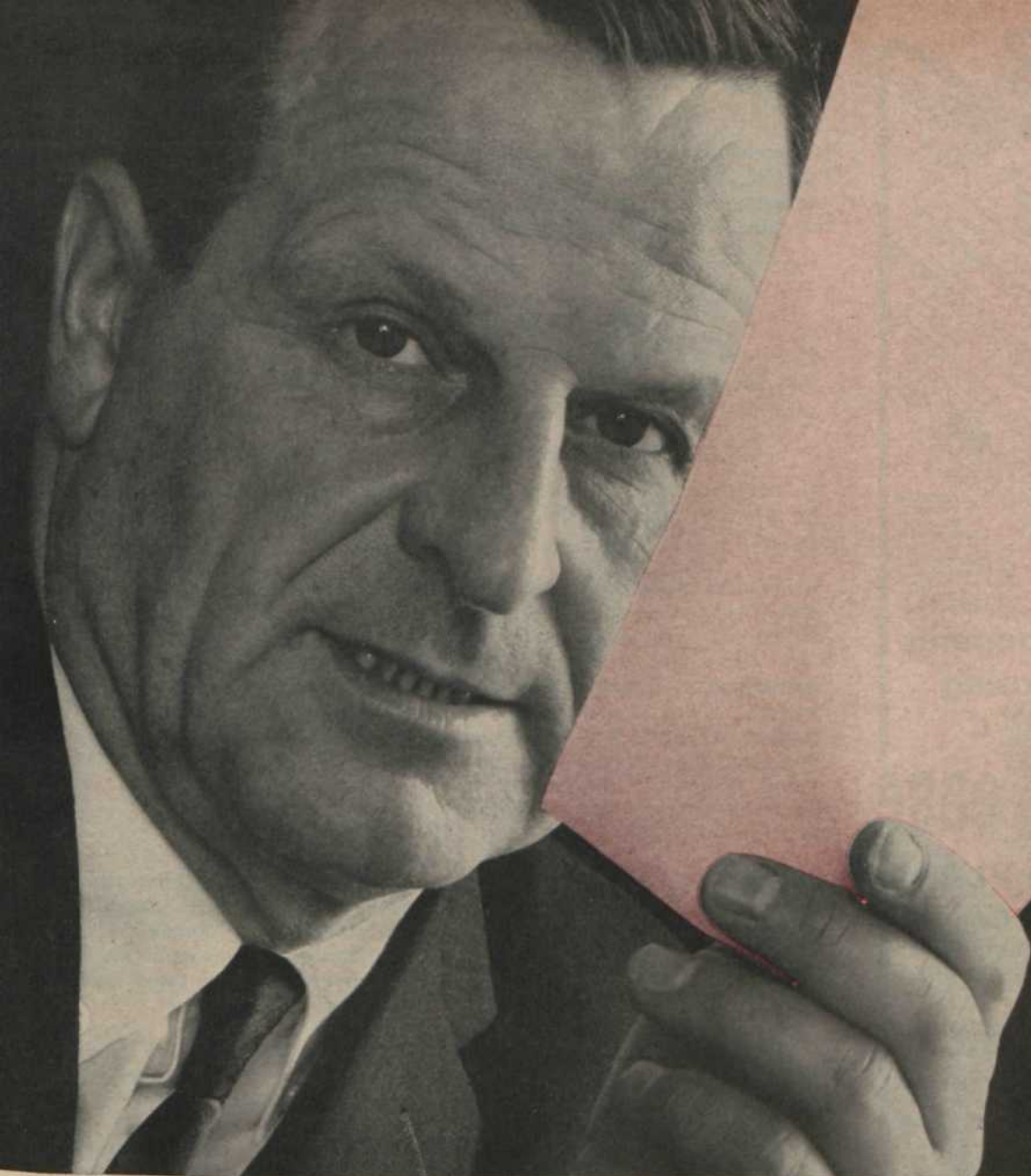
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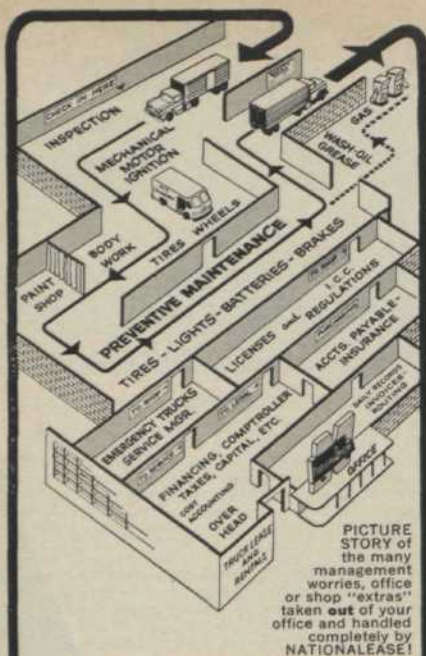
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## THE TAX PLAN

continued

ter to earlier Surrey proposals. For example, the current tax plan recommends cutting the capital gains tax rates, while Mr. Surrey earlier

recommended increasing them. And the Administration proposes liberalizing the deductions permitted working mothers to pay for the care of their children while Mr. Surrey had earlier suggested that these deductions be eliminated.

—CHARLES B. SEIB

## HOW PROPOSALS COMPARE

Here are some recommendations made by Mr. Surrey in 1959 Ways and Means Committee hearings and some provisions of the Kennedy program:

### PROFESSOR SURREY

- The special exclusion and credit for dividend income should be repealed.
- Personal deductions are excessive. The medical deduction should be limited more sharply. Casualty loss deductions should be permitted only in excess of a specified amount. There should be no deduction for state and local sales taxes and there should be a maximum amount on deductions for personal interest and state and local property taxes.
- Special tax provisions to help mineral industries need the sharpest re-examination by Congress.

- The present six-month capital gains holding period should be lengthened to three years.

- Stock option profits, lump-sum payments by pension trusts, coal and timber royalties, profits on the sale of depreciated real estate and certain other items now taxed at lower capital gains rates should be taxed as ordinary income. Some form of tax averaging is needed to limit the burden.

- The government should consider putting a capital gains tax at death on the appreciation in value of the assets held in the dead man's estate.

- Repeal the retirement income credit and make social security benefits subject to tax.

- Bring top bracket individual rates down to about 65 per cent. Cut all tax brackets when revenue situation permits, including splitting the lowest income bracket.

### THE ADMINISTRATION

- The special exclusion and credit for dividend income should be repealed.

- Personal deductions are excessive. Medical deductions should be limited more sharply and casualty loss deductions should be permitted only in excess of four per cent of income. Deductions generally should be limited to amounts in excess of five per cent of income.

- Four specific changes are recommended to cut back special tax provisions helping mineral industries. Study is suggested on whether percentage depletion rates should also be cut.

- The present six-month capital gains holding period should be lengthened to one year.

- Stock option profits, lump-sum payments by pension trusts, coal and timber royalties, profits on the sale of depreciated real estate and certain other items now taxed at lower capital gains rates should be taxed as ordinary income. Some form of tax averaging is needed to limit the burden.

- Congress should, with some safeguards to prevent excessive burdens on small estates, tax at capital gains rates the appreciation in value of the assets in an estate.

- Repeal the retirement income credit and the special extra personal exemption for people over 65. Substitute a flat \$300 credit for people over 65.

- Cut rates across the board, splitting the lowest bracket and bringing top rates down to 65 per cent.





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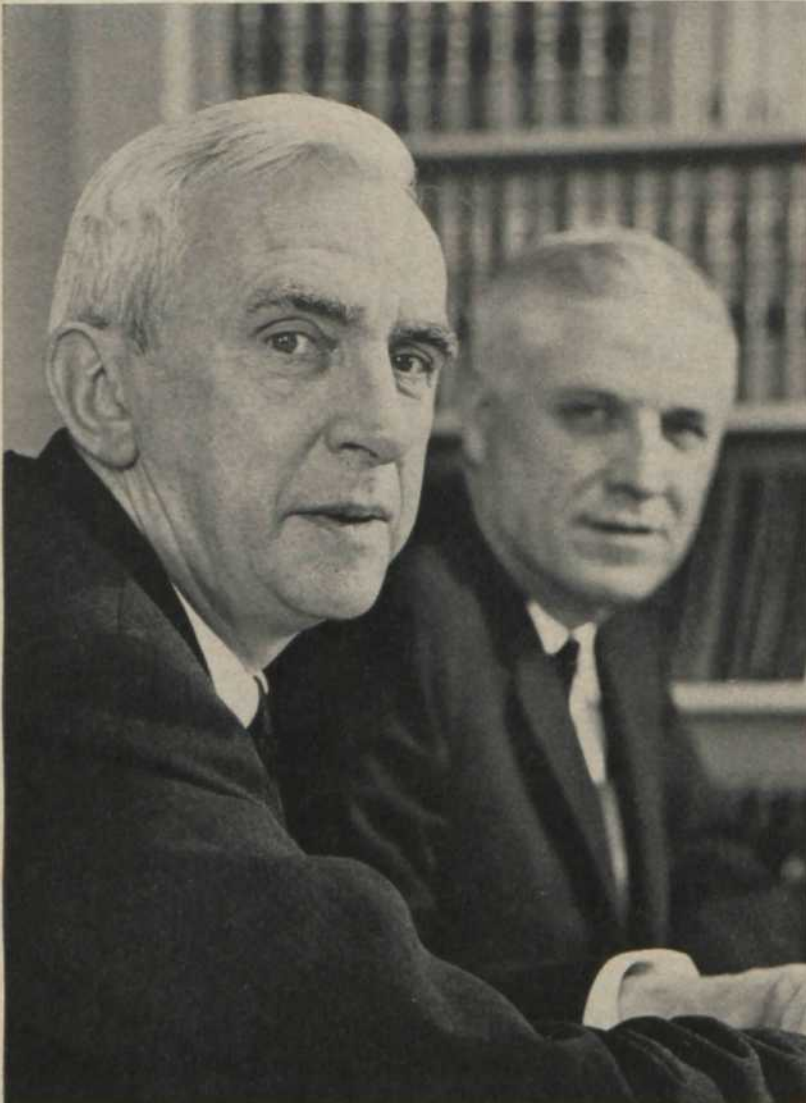




# LABOR EXPERTS URGE NEW POLICIES

Rules for handling disputes hamper business

PHOTOS: GEORGE TAMES



HOW TO DEAL with union power and its effect on business and the economy is one of the more critical problems facing business, government and the public.

Should the handling of labor disputes be taken from politically oriented administrative agencies and turned over to the courts?

How does government intervention affect business? What should be done about it?

What steps can be taken to improve the prospect that government panels appointed to make recommendations for settling labor disputes will be impartial?

How does business view the Administration's desire for new powers to deal with major strikes?

Should the exemption of unions from the antitrust laws be lifted?

To help you consider these and other pressing questions, the editors of NATION'S BUSINESS bring to you in this exclusive interview the views of two of the best informed men on government labor policies and their effect on management.

Gerard D. Reilly and Guy Farmer

Gerard D. Reilly:

"Just as there is a special Tax Court, there should be a separate Labor Court for handling labor problems"



helped formulate and enforce federal labor policies before entering private law practice in Washington. As attorneys they now represent primarily employers with labor problems.

Mr. Reilly was appointed solicitor in the Department of Labor and a member of the National Labor Relations Board by President Roosevelt. As counsel to the Senate Labor Committee headed by Sen. Robert A. Taft in the Eightieth Congress, he helped draft the Taft-Hartley Labor Law, enacted in 1947.

Mr. Farmer was chairman of NLRB during the first term of President Eisenhower, after having been associate general counsel during World War II.

He later served as chairman of two emergency boards appointed by President Eisenhower under the Taft-Hartley Act.

**What do you gentlemen see to be the cause of our labor problems?**

MR. REILLY: In my opinion they stem from a failure of the Administration to maintain a balanced policy and its reliance on methods outside the Taft-Hartley Act and other laws available to meet these problems.

**Do you agree, Mr. Farmer?**

MR. FARMER: The major problem is that we don't seem to have found a satisfactory method for handling and settling national emergency disputes.

I think what we need to focus on is how to handle these disputes in a way to prevent prolonged strikes and at the same time safeguard our important democratic principles and institutions.

**How has the Administration failed to maintain a balanced labor policy?**

MR. REILLY: The Administration has intervened in several situations where, in my opinion, there has been no national emergency. The President, wholly without regard to the framework of the Taft-Hartley Act, appointed fact-finding boards,

bypassing the Mediation and Conciliation Service.

**Do you feel the President is not using the Taft-Hartley Act as much as he should?**

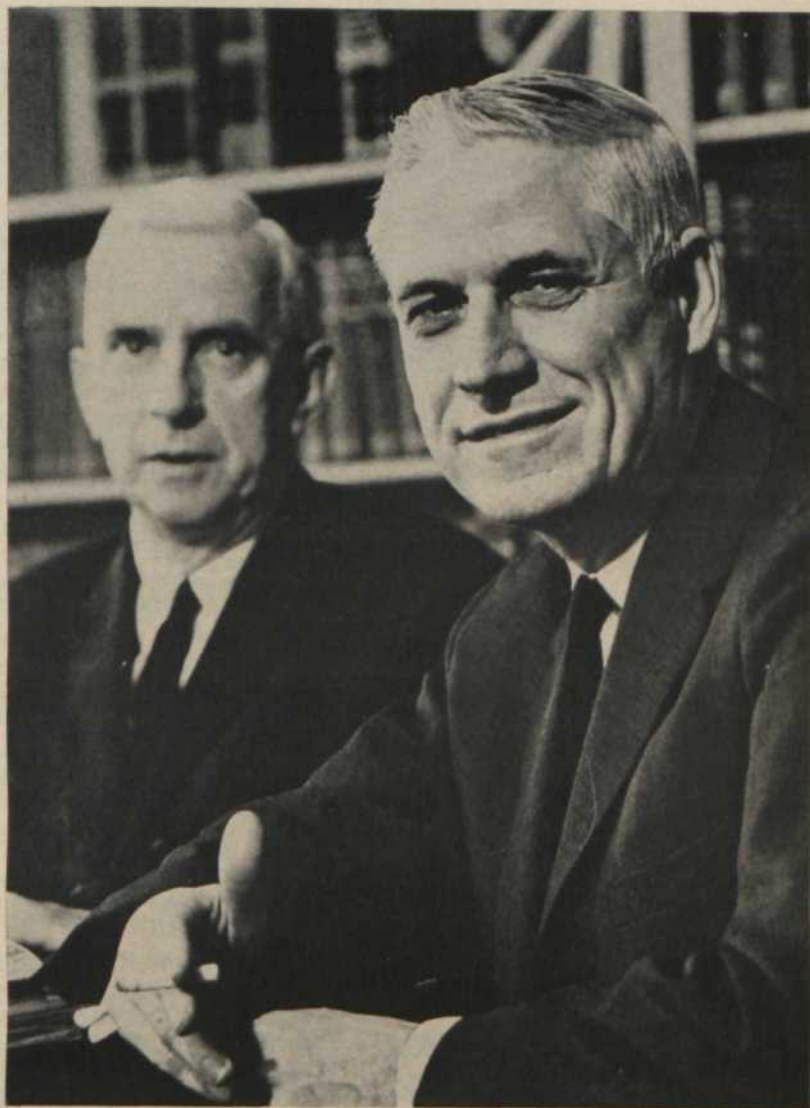
MR. REILLY: Yes. But I refer not so much to his failure to use the national emergency provisions as to his dependence upon devices which have nothing to do with the law, the creation of these fact-finding boards and such agencies as the Missile Sites Commission. Most of the missile sites disputes could have been handled by applying the secondary boycott and jurisdictional provisions of the Taft-Hartley Act, if contractors had been encouraged to resort to them.

**What effect is this intervention having on bargaining relations between employers and unions?**

MR. FARMER: The problem is not so much whether the government throws its weight on the side of labor or management. We would assume that an Administration oriented toward labor, as this one is, is going to be somewhat prolabor in the handling of disputes. I don't think any employer is particularly surprised about that. What is of greatest concern is the whole concept of massive government intervention.

This intervention started under former Secretary of Labor Arthur Goldberg, the first day he took office. At first it was personalized. The Secretary used his own persuasion, his dynamic character, plus the office of the presidency, to persuade people to make settlements.

But as time went on, special techniques were developed, as in the aerospace dispute and the final



Guy Farmer:

'Employers are concerned by rules changes they feel are generally in one direction—in favor of the unions'



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## LABOR POLICIES

*continued*

stages of the East and Gulf Coast longshoresmen's strike.

**You mean the panel headed by Sen. Wayne Morse of Oregon?**

MR. FARMER: Yes. At the expiration of the 80-day strike injunction a new step was added. A board of three was appointed, headed by Senator Morse, and it was quite clear that this board was going to mediate the dispute, then make recommendations if necessary. If either party didn't accept them, he could expect to have a tough situation facing him when the President reported the deadlock to Congress.

This is very close to compulsory arbitration.

The handling of the longshore strike, I think, dismayed many employers—as did the handling of the aerospace dispute.

The aerospace board was not a Taft-Hartley board. This extra-legal board was given both mediating and fact-finding functions, which I think is wrong.

The board was predisposed in favor of the union demand for compulsory membership.

I think the government in that situation was more concerned about the dispute's effect on the defense program than in trying to help the union.

But then you get into mixed motives. Once they do intervene for reasons of national security, then with a union-oriented Administration the other element comes in. The settlement that is proposed is likely to be one that is palatable to the union, and they hope it will be palatable to the employer. But it is more important that it be the former.

Let me add that the basic fear is not so much union favoritism in the handling of a particular dispute, as that this concept of intervention, and its implementation, will eventually destroy free collective bargaining, and lead to regulated wages and price structures.

**Would you say, then, that in the climate we have today, the unions and employers are afraid to bargain with all their ability because of what might occur later?**

MR. FARMER: That is definitely true in the industries where intervention is predictable. Certainly in transportation, basic steel, aerospace, missiles. Both sides are quite likely to go through certain mo-

tions, holding back their final positions, because they know that the government is coming in and they don't want to go all out until they reach the final stages.

Experience has demonstrated that if employers make an offer which they regard as the best they can economically and sensibly make, this then becomes a floor from which other concessions are going to be extracted through these intervention provisions, fact-finding, and so on.

Actually this kind of thing has been going on in the railroad and airline industries for years under the Railway Labor Act.

MR. REILLY: I would like to add a footnote. In view of the fact that a union now simply regards the employer's last offer as a starting point for getting more through government intervention, railroad and airlines employers are in desperation urging compulsory arbitration legislation. They are abandoning faith in free collective bargaining.

And look at the trucking industry. Prior to his election, President Kennedy indicated great hostility to the menacing power of the Teamsters, but the only actions taken against the Teamsters have been various criminal prosecutions involving the personal financial affairs of President [James R.] Hoffa and other Teamster officials.

There has been no administration bill to curb Mr. Hoffa's objective of achieving monopoly power in the entire transportation industry.

**There has been talk about arming the President with an "arsenal of weapons" to cope with critical strikes. What do you think of this?**

MR. REILLY: There couldn't be anything that would create more special privileges than this approach. As I understand it, the President's advisers suggested during the campaign that in a strike involving national safety, the President should have his choice either of applying for an injunction, or seizing a plant, or appointing a board to make recommendations. What would happen, if Congress ever authorized such a wide range of choices, would be that whichever party had the strongest connections in the Administration could rig the situation to favor it.

What is needed above all in this field is a government of laws, so that there is uniform, equal treatment. This theory that the parties would think twice if they didn't know what the President was going to do is absurd. The parties, con-





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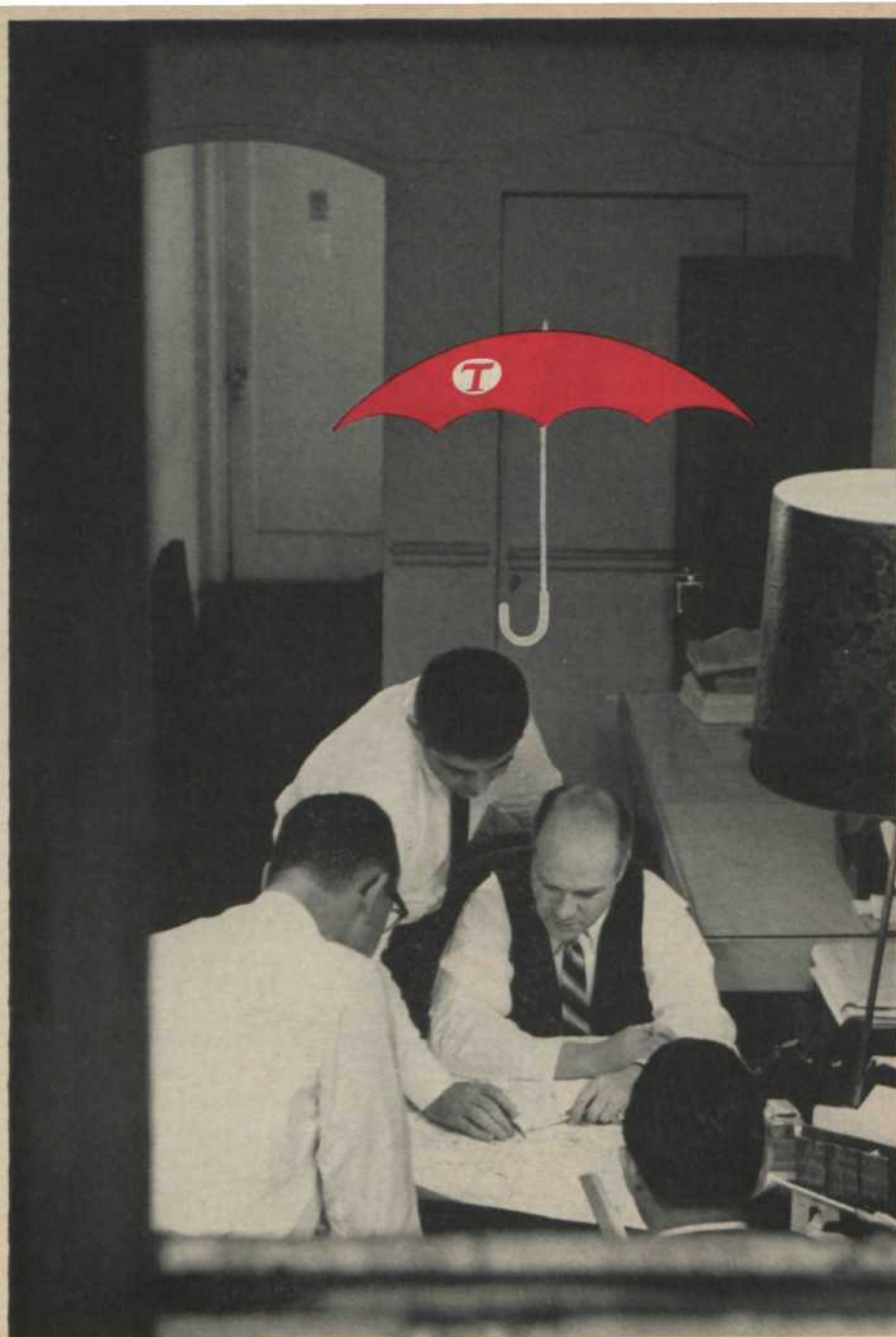
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## LABOR POLICIES

*continued*

ceiving the strategy of it, would know for a certainty what would happen.

**MR. FARMER:** The Administration may propose to put into law many of the techniques which it now employs.

I think this concept is the product of a group of men who have established themselves as what they call neutrals. Their background has been primarily in arbitration, on the War Labor Board, or serving on presidential boards and commissions. These men feel that in major disputes the public needs to be represented at the bargaining table right from the beginning. They conceive themselves as being guardians of the public interest, working closely with the Administration, with the Secretary of Labor, and with the President's Advisory Committee on Labor-Management Policy. Any legislation they push will be along these lines. [See "Union Friends Dominate Federal Labor Panels," *NATION'S BUSINESS*, February.]

This thing is a vicious circle. The more intervention we have, the more labor trouble we have, because it is human nature that, if a union feels it can extract a little more through these procedures, it is going to ride it out, take the whole trip down to the end of the line.

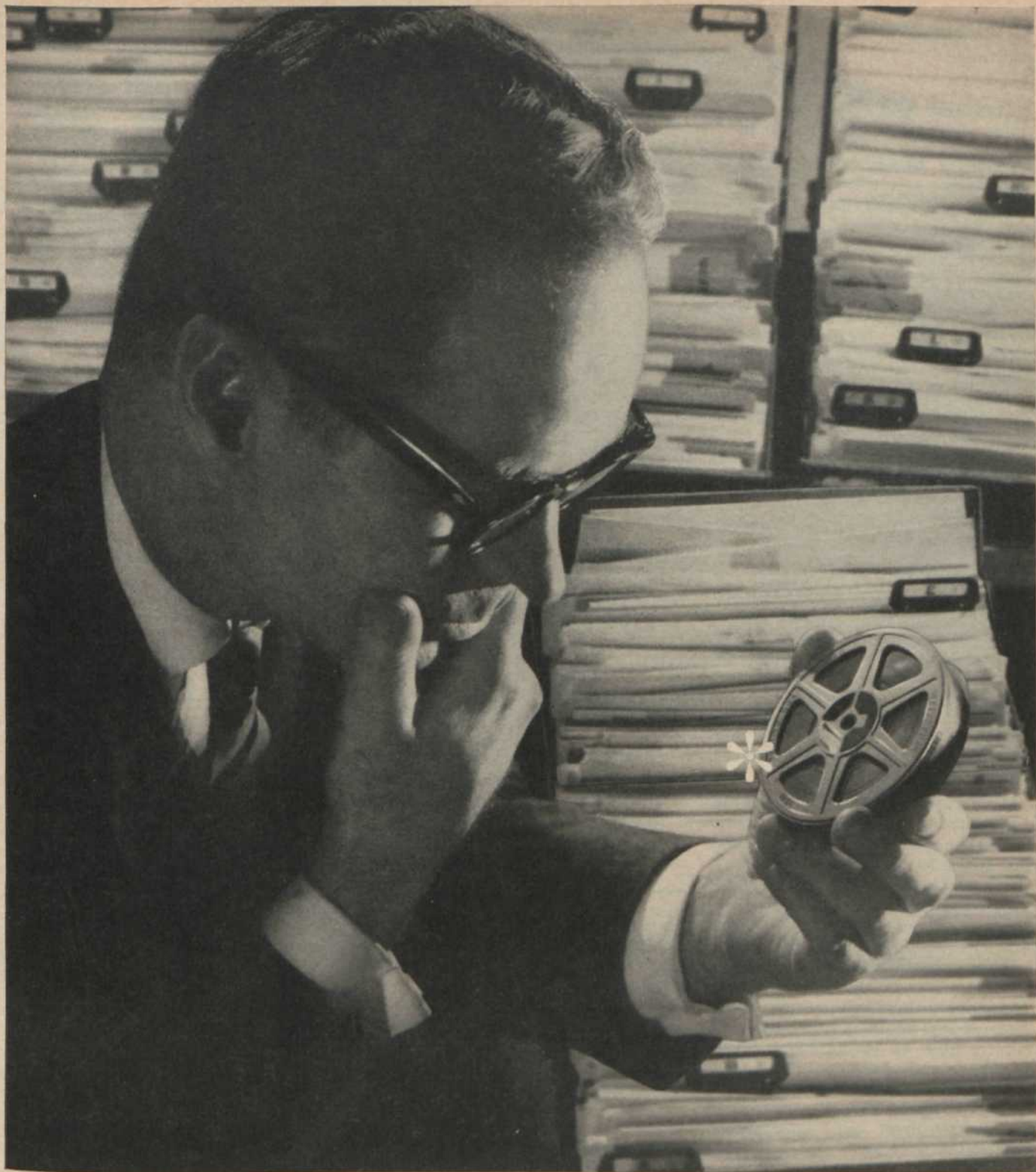
**Walter Reuther** has said the President should have seizure powers, with the right to impose during the seizure period the terms for settling the dispute. What would be the effect of such action?

**MR. FARMER:** It would be pretty much the end of free enterprise. Actually, this is not a new concept. In World War II, the government seized the coal industry, under Secretary of Interior Krug, who signed an agreement with the United Mine Workers establishing for the first time the royalty payments for the miners' welfare fund. The condition under which the operators were permitted to get their mines back was that they accept the terms of that agreement made by Secretary Krug.

**Is that compulsory arbitration?**

**MR. FARMER:** In a round-about way. Actually, it is worse than compulsory arbitration, where presumably the decision is by an impartial arbitrator who hears both sides. The mining contract was between the





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## LABOR POLICIES

*continued*

government and the UMW. The mine owners had no voice in it.

**Should the parties involved have a voice in the selection of panel members to weigh their dispute?**

MR. FARMER: If we are going to have fact-finding, with recommendations, and possibly even compulsory arbitration, which seems to be the direction in which we are moving, certainly we will have to give more attention to the personnel of these boards.

Mr. Reilly once suggested that they ought at least to be approved or confirmed by the Senate.

I would prefer an approved list from which the President, or whoever appoints the board members, would have to make his selection. The list could be approved by the leading management and union organizations.

Another possibility would be to select the chairman of these boards from the judiciary, either the Federal District Court or Court of Appeals.

**We hear it said that you need people on these boards who understand and are familiar with the problems in dispute. Is that important?**

MR. FARMER: A judge devotes his life to understanding problems with which he was not familiar before he got into a particular case. I think a judge is well equipped to understand the issue in a particular labor dispute after making an investigation and hearing both sides.

Labor problems usually boil down to a question of cents per hour or compulsory unionism or work rules. I think any intelligent, trained person is able to comprehend those problems and perhaps in some way comprehend them better than people who have been too narrowly involved in them over a long period of time.

MR. REILLY: I think that in disputes involving transportation the fact-finders should be of another character. Where you have a public utility commission to set rates, such as the Civil Aeronautics Board and the Interstate Commerce Commission, those are the bodies which should make recommendations, if any are going to be made, with respect to wages because of their impact upon rates.

The failure to bring the utility commissions into the picture results in these emergency boards

making decisions without regard for their impact on rate structures and passenger and freight traffic.

**Could the courts handle some of the labor problems?**

MR. REILLY: The courts should take over entirely or not at all. I served on a special committee of the American Bar Association which studied the Hoover Commission report which recommended that the prevention of unfair labor practices be vested in a special administrative court instead of the National Labor Relations Board. The NLRB would be limited to union representation elections. The Bar Association committee concluded, and I agree, that our basic labor policy is such that you can't divorce the representation from the unfair labor practice procedures. I recognize there is a respectable body of business opinion to the contrary.

**Should we put the entire administration of labor-management problems in the courts?**

MR. REILLY: Labor problems are enough of a specialty so that, just as we have a separate Tax Court

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Senator McClellan, famed for racket investigations, focuses attention on another national problem—soaring federal budgets—in interview on page 38

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for tax problems, there should be a separate Labor Court for labor problems.

The American Bar Association has recommended that administration of the Taft-Hartley Act be taken from the Labor Board and placed in special Labor Courts whose judges would be appointed for life.

Mr. Farmer actually drafted a bill to implement the recommendations. The Bar Association approved it and it was introduced in Congress.

MR. FARMER: Under the bill I drafted, the Labor Court would have jurisdiction over all unfair labor practice and representation cases and all of the issues that relate to them.

It would be a constitutional court. Judges would be appointed for life and have the same stature, tenure, prestige and salary as a federal district judge.

We felt that life tenure would tend to give the judge more independence and more impartiality, as opposed to a board member with a five-year appointment, who soon after he gets on the job is perhaps looking forward to reappointment.

We would also tend to get away from the sudden shift in membership of the board that may result in sudden changes in policy and interpretations. These are unsettling and disturbing.

**What has been the effect of changes in Labor Board policies under the Kennedy Administration?**

MR. REILLY: The present Board has shown a much more alarming disregard for precedents than any previous board.

Requiring an employer to bargain with a union over subcontracting is a startling innovation. It certainly impairs the mobility of industry and the ability of management to utilize the most efficient type of services. While it is one thing to bargain over the conditions of work, it is quite another to say you have to bargain about there not being any work.

MR. FARMER: There have been criticisms that the Board has, in effect, ignored the congressional intent of the Landrum-Griffin Labor Reform Law with respect to restrictions on organizational and recognition picketing and secondary boycotts. It has been criticized for not giving the secondary or neutral employer the protection from union pressures that the law was intended to give him.

I think some of these criticisms, particularly with regard to picketing, are justified. Some interpretations have gone so far as almost to nullify restrictions Congress intended.

**Aside from the merits of these decisions, does the fact that there are changes create problems?**

MR. FARMER: The fact of change itself creates some problems for employers because when you make a change you upset predictability.

The employer's major concern, however, stems from the substance of these changes, which they regard generally as being in one direction, in favor of the unions and opposed to their interests.

I might add that the new decisions are being reviewed in the courts and I have a great deal of confidence that at least some of them will be rectified.

What I think is most disturbing is the increasing tendency of the





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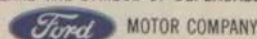
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## LABOR POLICIES

*continued*

Board—and I want to say it didn't start with this Board—to intervene in collective bargaining, to lay down in detail the rules of conduct at the bargaining table.

This is particularly unfortunate for two reasons: First, the Board is not truly expert in collective bargaining and doesn't really know how it works.

Second, the Board is not at the bargaining table when the bargaining is going on. It is not there to say this issue belongs on the table and this issue has to be taken off.

The Board makes this decision after the parties have already taken their positions and says you did right or you did wrong, and if you did wrong, you must rectify it.

The concept of the original Wagner Act was that the government bring the parties together at the bargaining table, by force if need be, then leave them to their own devices.

This was a sound concept. But we moved away from it.

In many decisions involving management responsibilities, the Board has given unions what is in effect a veto power over management decisions.

I don't think this will work if we are going to continue to have a competitive economy. It is as basic as that.

If the employer says, "I don't need these 30 men, I must lay them off," and the union says, "No, you cannot lay them off," and he has to keep 30 men he doesn't need in a competitive industry, you have a stultified economy.

**What is the answer to this problem?**

MR. REILLY: One answer is to establish a Labor Court.

**Many employers feel unions have excessive power. Do you have any thoughts on how to deal with this?**

MR. REILLY: I rather like the approach of the Martin bill, H. R. 333. It attacks more directly the monopoly power of certain national and international labor organizations by limiting the control of bargaining policies to unions which do not represent employees of competing employers. The only exception it makes is with regard to multiple employer bargaining within a metropolitan area.

MR. FARMER: Underlying most of the problems we have been discussing is the excessive power of labor unions, both economic and political.

Many who remember when unions were struggling to get started have sympathy for them. Also many have never caught up with what has actually happened.

We still tend to regard unions as underdogs, weak, and in need of help and protection. Government labor policies for 30 years have been geared to and based on that philosophy and have been intended to give preferential treatment, special privileges, and special powers to labor organizations.

This has created the situation today in which unions wield tremendous economic, social and political power. They can create emergency disputes, and that is why we have emergency dispute problems which appear to be insoluble within the context of a democratic system.

Everybody has perhaps a different idea of what to do about it. Employers most frequently say, "Put unions under the antitrust laws."

Some employers' groups are building parallel organizations to handle labor problems and present a more solid industry bloc, while others have mutual aid plans and strike insurance.

These are two opposite approaches. One breaks down the union's power; the other builds up the employer's.

As a practical matter, with prospects dim for remedial legislation, employers may have to build their strength through solidarity. This is difficult.

Unlike unions, which are accustomed to working together, employers are oriented to competition. They don't work together to the same extent that unions do.

The union problem today parallels pretty closely the problem with employers before various regulations were imposed upon them. There was no attempt to destroy employers as a class, nor should there have been. But they were in effect deprived of their privileged status by the imposition of certain laws and regulations.

What we need is a study of the union situation in terms of laying out on the table what all their special rights and privileges are that they enjoy under the laws and under the administration of those laws in the field of picketing, economic strength, and political power. We should aim to put them on their own feet, and take away their special status, not destroy them.

This would have the effect of reducing their power, but nevertheless would permit them to remain as a significant force. **END**

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"In underdeveloped countries the mere fact that a product comes from the U. S. is the magic ingredient. For example in Lagos, Nigeria, it's a status symbol to wear a certain brand of American shirt even though shirts from other foreign countries sell for considerably less."

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*continued*

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About 3,500 Trade Lists help find customers, agents, distributors, licensees, and sources of supply abroad. Each list (\$1) gives the names and addresses of firms buying, selling or making a specific product or performing a certain service in one country, relative size of each firm, method of operation, products handled, territories covered, size of sales force, government regulations affecting trade, market potential.

You can get lists of as many as 70 different product classifications for some countries. One list may cover hardware importers, distributors and dealers in France; another the firms handling lumber in Japan; another glassware in Greece.

Supplementing this survey, "World Trade Directory Reports" provide detailed information on a specific firm's credit reputation, competence, premises, practices, experiences and salesmanship. Reports—\$1 each—are available on 280,000 overseas firms.

The complete name and address of the foreign firm should be given when a WTD report is requested. If the report is more than a year old, a revised current one is prepared and supplied without additional charge. If a report is not on file, one will be obtained.

If this is not the exact information sought, the Trade Contact Survey may be tailored to your requirements. This is an on-the-spot canvass made by a Foreign Service officer to find several qualified agents, distributors or licensees interested in what you have to sell.

A survey usually takes about 60 days to complete and costs \$50.

Also available are reports on trade missions by U. S. businessmen to foreign countries. About 120 missions have been sent and the reports provide agency, export and import leads.

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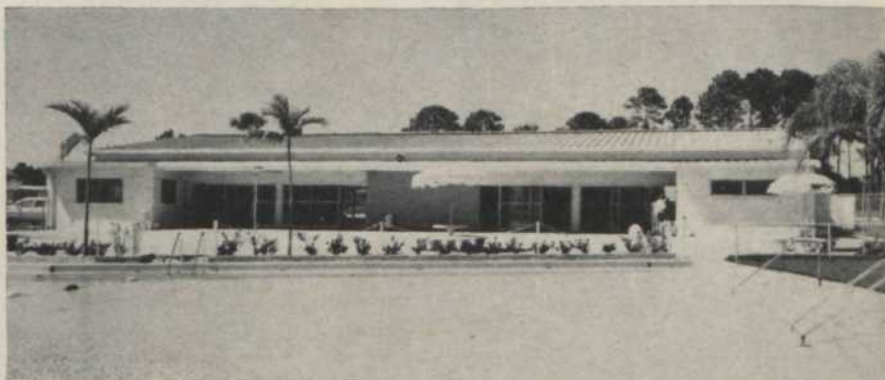


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## INVESTMENT JOBS

continued from page 41

than 10 employed in his first year of operations. His idea clicked. His loans were repaid and Mr. Pool was on his way. As the years passed he approached other steel producers—Weirton, Granite City, Bethlehem, to name a few—and obtained long-term contracts for supplying oxygen from his on-site plants.

These contracts, as good as cash in the eyes of bankers, enabled him to obtain additional capital. As a result, the firm which he heads today—Air Products and Chemicals, Inc.—has 25 plants and employs some 5,000 people in the United States and abroad. Growth? In 1953 the company did \$18 million in sales; last year its sales volume topped \$100 million.

"Without initial risk capital and the opportunity to obtain added private investment as I went along, the growth of my business and the jobs it has generated would not have been possible," Mr. Pool told NATION'S BUSINESS.

Government studies of productivity increases in industry have turned up other examples of how private investment has been instrumental in producing new job opportunities. For example, one southern paper-making company

Hunting market abroad? A check list of items in demand in many nations is presented on **page 76**

studied by specialists in the Bureau of Labor Statistics was found to have experienced a 56 per cent increase in man-hours worked over a two-year period as a result of sizable investment in increased productive capacity. Many new jobs resulted from the company's multi-million dollar outlays, according to a BLS spokesman.

Jack Alterman, whose office in BLS is working up new long-range economic growth projections for the U. S., acknowledges the important part private investment plays in advancing both growth and jobs, although hard data on the employment-producing impact of investment are still somewhat sketchy.

Nor does the job-creating effect stop with increased employment in a given company which spends

for growth. There is a ripple-out effect in investments which leads to the creation of employment opportunities beyond a given firm. One study (See "How New Plants Help," NATION'S BUSINESS, December, 1962) shows that additions of 100 new factory workers in a community boost personal income by \$660,000 a year, bank deposits by \$229,000 and nonmanufacturing employment by 65.

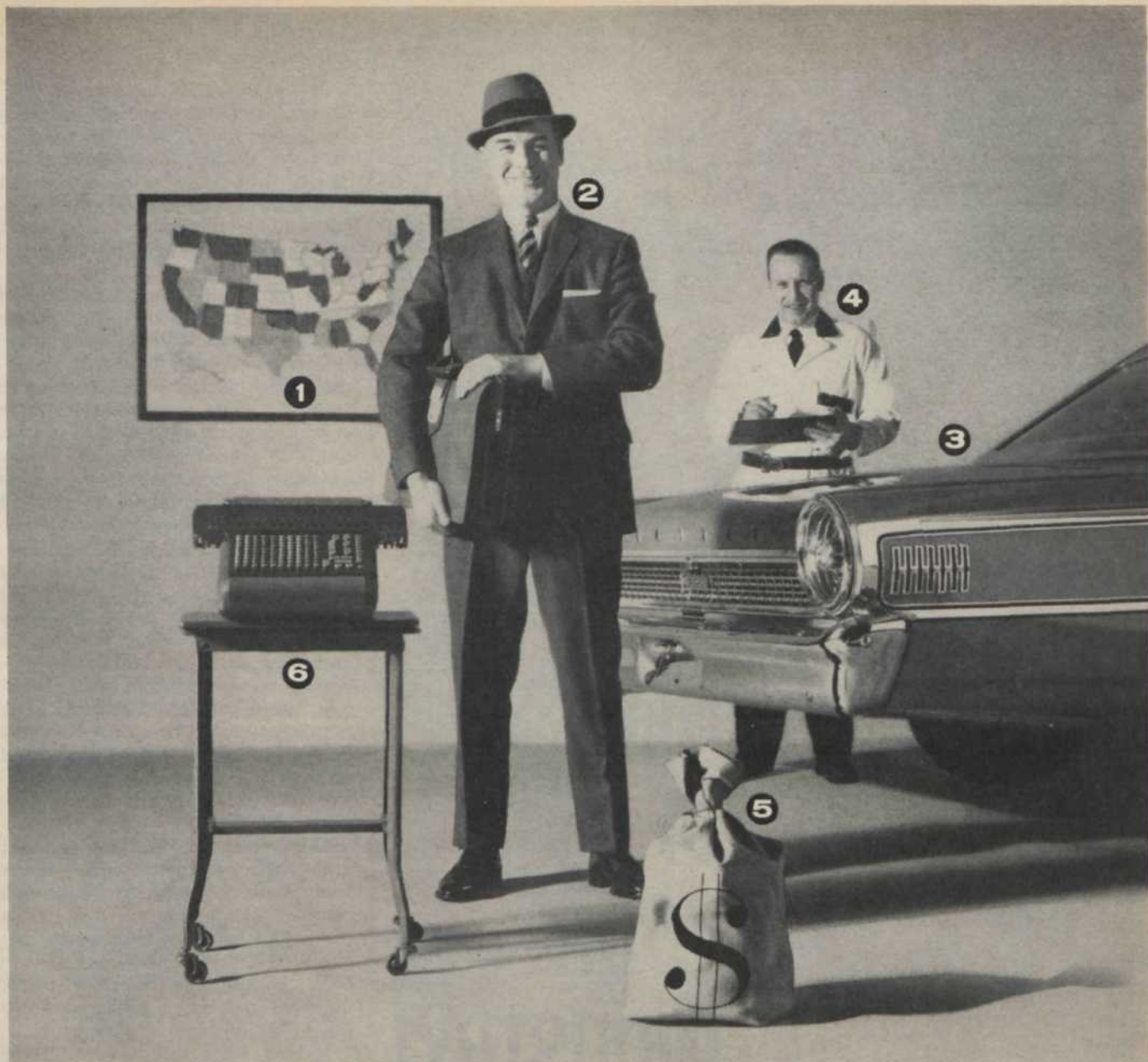
When a business invests in added plant there is an immediate job-creating consequence in terms of the men who build the plant itself, the people who manufacture materials that will go into the construction and equipping of the facility, in the building of roads to serve the plant, and in the enlargement of private and community services to handle sudden increases in numbers of people who might be hired to work in the plant. This could mean more teachers (and possibly more classroom space), additional fire and police protection, and other community facilities.

The need for new investment capital was highlighted in a report, "Investment for Jobs," published by the Economic Research Department of the Chamber of Commerce of the United States. Looking ahead to 1970, the report declares: "If one company adopts a forward-looking capital replacement policy, its competitors soon must imitate the leader. Otherwise, their costs will be out of line. For these reasons, investments in plant and equipment—new and replacement—of \$70 billions a year by 1970 are within the range of probabilities."

Dr. Emerson P. Schmidt, director of the Chamber's economic research department, says that the creation of new job opportunities depends on the opportunities for profitable enterprises that can attract and hold the financial support of willing investors. It is Dr. Schmidt's contention—shared by other economists—that the present individual and corporate tax structure constitutes a heavy drain on what might otherwise have become needed venture capital for business growth.

To those who argue that the nation is suffering from excess productive capacity now and therefore has little need for new investment, Dr. Schmidt counters: "Excess capacity" may be illusory. Some industries and enterprises have none. Investment in many service enterprises is inadequate. Recovery to full employment would quickly expose shortage of capacity in company after company and even in-





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At present there are 32 junior colleges and 19 senior colleges and universities so distributed in 31 cities that 96.3% of Florida's population is within commuting distance of one or the other. There are four state universities, a fifth is under construction and a sixth is on the planning boards. Total college enrollment is expected to top 185,000 by 1970 — an increase of 188% in 11 years.

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## INVESTMENT JOBS

continued

dustry after industry, just as labor shortages would show up quickly. In fact, much of our unused capacity is high-cost and in the wrong place, just as many of the unemployed are not in the right place nor qualified for existing job openings."

In the months ahead public and private discussion of the dynamics of investment will become more vocal. One reason for this is the inescapable relationship between investment and new efficiencies in production, a relationship which tends to conjure up, in the minds of some, fears over the possible displacement or disemployment of people. "Automation" has become the catch-all term for this process and although it is a process at least as old as the Industrial Revolution — as Mr. Terborgh says, "probably as old as the wheel" — it figures with increasing importance in labor-management relations. Mr. Wolfbein flatly predicts that bargaining between companies and unions "more and more will be concerned with what happens to jobs as a result of mechanization, or automation."

But resistance to improvement and change, historically, has never been a force sufficient to thwart change. The temporary dislocation of workers resulting from a new machine or a new method has always been counterbalanced by more, different and better jobs and working conditions over the long run.

Indeed, such automation authorities as John Diebold have warned that what America needs to increase its economic growth, enhance the living standard and keep abreast of foreign competition and the pressures of the cold war, is not less — but more — automation. Obviously, such improvements of technology will require large and growing commitments of investment capital. END

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The fear automation requires mysterious, highly expensive equipment, useful only to larger firms is keeping many otherwise progressive companies from the automation they need.

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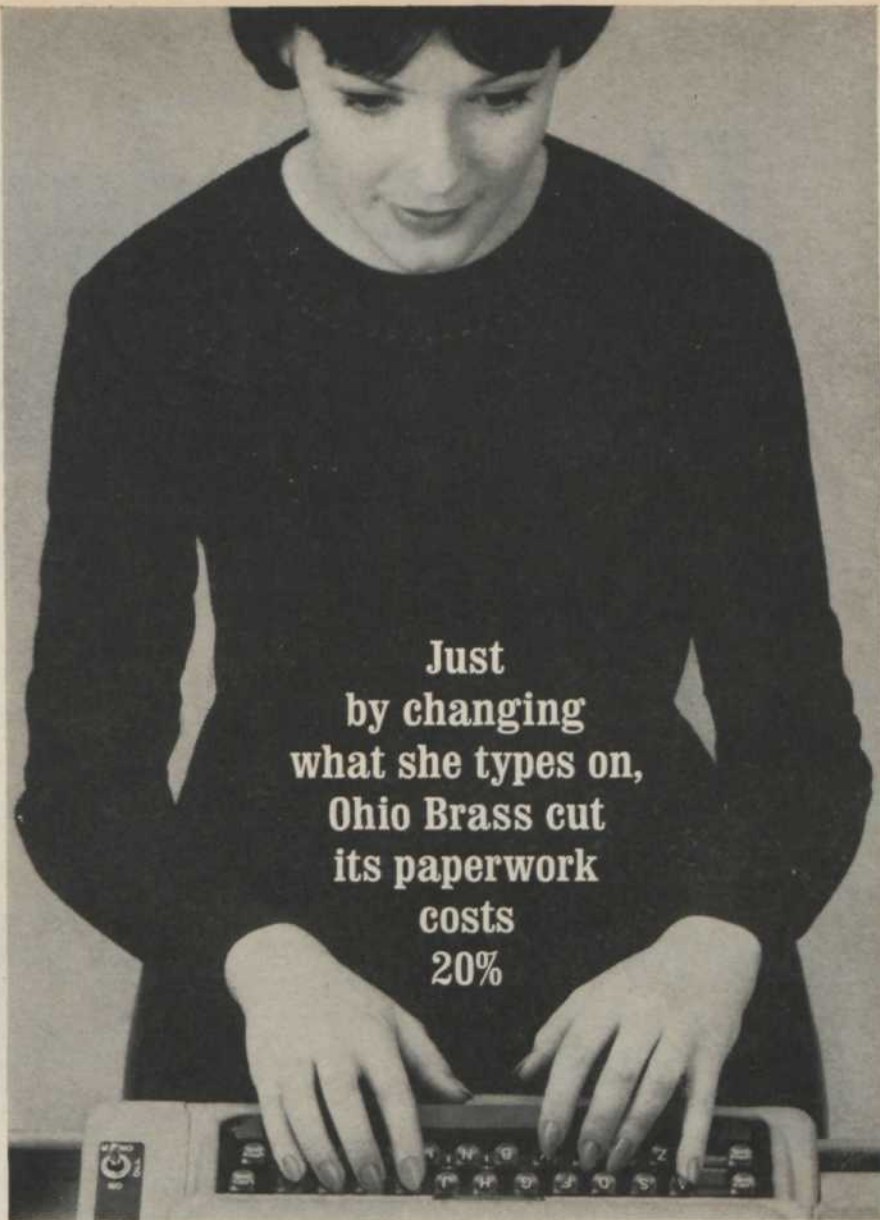
### HOW TO START

The principle is the same: automate (inexpensively) the one paperwork function that causes the most troubles, the most delays. Then analyze the results.

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lading, packing lists, and other vital internal paperwork.

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*"We now keep all product and customer information on edge-punched cards. A girl runs the cards into the Flexowriter. The machine automatically types up the order. The packing lists and the rest are all combined in this one operation. It's faster, more accurate, and we figure it has cut our paperwork costs about 20%."*

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# *These trends will change your job*

Some recruiters report it is becoming increasingly difficult to find managers in the 30 to 50 age group

Recruiter Reed Clark says U. S. managers move around more now than in past. He cites fast travel as reason

Nation's Business survey shows what you can expect in the future

FOR THE BUSINESS executive the future will bring:

- ▶ Greater career opportunities for capable men—regardless of age.
- ▶ Increased movement from company to company and from the United States to positions overseas. In addition, there will be more importing of skilled specialists from firms abroad.
- ▶ More and different job titles added to the array of incentives now used to lure and hold high-performance manpower.

General agreement on these trends was reached by officials of executive recruiting firms in a survey conducted by NATION'S BUSINESS through the cooperation of the Association of Executive Recruiting Consultants.

Questions in the survey covered a wide area, from the importance of a man's wife to his success in business to the motives which make managers change jobs. Recruiters participating in the survey have access to front office thinking in business and industry from coast to coast.

Replies to the questions varied, and in a few instances differing views were expressed. For example, most executive searchers—as the recruiters are sometimes called—indicate that it is getting harder to find high-quality executives between 30 and 50 years old. Yet two recruiters say this problem has not worsened noticeably in recent years.

Here's an analysis of the recruiters' comments:

## **Career opportunities**

Opportunities for executives with competence are unusually bright.

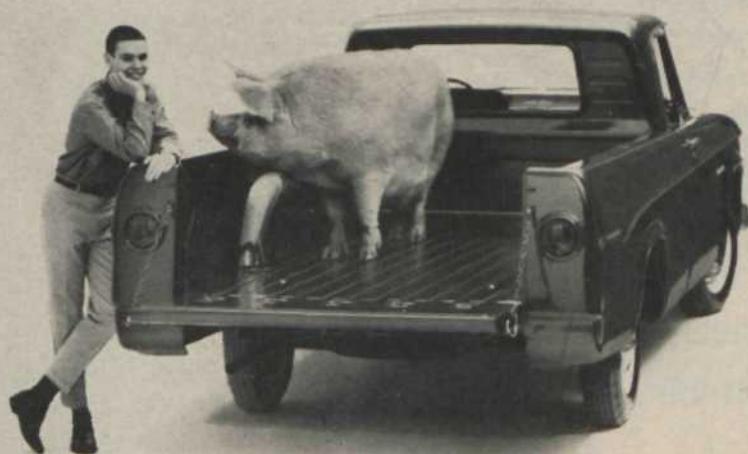
A low birth rate in the 1930's is one of the factors which has pinched the supply of executive prospects in the prime-age group. Partly as a result of this, and also because of higher skill requirements growing out of a more complex, competitive business atmosphere, the skilled executive is much-sought-after.

"It is increasingly difficult to find managers in the 30 to 50 age bracket," says Ed Hergenrather, a Los Angeles recruiter, "and it





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will be even more difficult over the 10 years ahead. Some of our clients are beginning to feel the necessity to look to the younger, more inexperienced man who has potential, or to the man over 48 or 50 who has experience and his health."

Randall Irwin, vice president of Richardson, Bellows, Henry & Company, Inc., says he finds "companies are more thorough in analyzing the requirements of positions to be filled, and insisting that candidates should have demonstrated by experience and performance that they meet the position requirements."

A similar opinion comes from Gardner Heidrick, president of Heidrick & Struggles, Inc., Chicago. He also notes that companies are giving more careful scrutiny to a man's credentials in "financial acumen, cost-control understanding and automation-mindedness." He says many companies seem eager to hire men with capability in the new product field.

Some recruiters find their corporate clients are putting a higher premium on men who can bring them specific knowledge or experience. Technical know-how is in demand in many firms. Rawle Deland of Thorndike, Deland Associates, New York, says that "while the basic qualities sought are still generally the same—character, energy and ability—new technological changes, as well as new organizational concepts, are bringing new types of jobs into being, such as 'manager of data processing' and 'commercial development manager.'"

Mr. Deland says the over-all supply of domestic executives is not seriously affected by men going overseas. He adds, however, that "corporations are now more interested in individuals who have either international experience or who have as their objectives a career in international business."

In general, the recruiters foresee the executive becoming more mobile—more willing to move his family from one part of the country to another if he views the move as a clearcut job improvement.

William H. Clark, of William H. Clark Associates, Inc., New York, says: "It is far easier to get top-ranking executives to move across country for a new job than it is to get lower level people to do so. As one rises in the executive hierarchy, appropriate opportunities become infinitely rarer. When one comes along that holds challenge and rewards that are greater than those in one's current position, geography becomes a relatively minor consideration."

Several of the recruiters pointed out that a man's wife can be a powerful determinant in the decision to move or not to move, along with considerations of family ties, schools, size of the community and other factors—including climate and even allergies.

Mr. Clark recalls that "one outstanding executive we know became almost unemployable because of five job changes in eight years. In checking his record we found that the reason for three of these changes was his wife's inability to adjust to smaller communities and her consequent agitation for her husband to take any job that came along just as long as it was in a more cosmopolitan area."

Discussing mobility, Mr. Heidrick says the pressure on available executive manpower in the United States in the years ahead may open new sources—bringing more foreign-born executives to this country to fill specific slots, such as those in research and development, and sending more American managers to jobs in countries abroad.

On the other hand, Reed Clark, president of Clark, Cooper, Field, Wohl, Inc., Stamford, Conn., maintains that the trend in foreign



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## TRENDS WILL CHANGE YOUR JOB *continued*

### Competition for good men is pushing salaries, other compensation higher

business is to upgrade and train nationals of a given country.

"International managers are becoming a surplus," he contends.

As far as movement within this country is concerned, Mr. Clark believes executives are much more mobile than they were some years ago. "New York and Los Angeles are as close, time-wise, as the train to Albany."

#### New incentives

A number of recruiters observed that job titles are becoming more important components of the overall compensation-incentive package.

"There is undoubtedly a greater use of vice president titles," asserts William H. Clark. "It is now not uncommon to see three 'executive vice presidents' in a company, to say nothing of a few 'senior vice presidents.'"

"The process is not endless, however, because you can't put heavier titles in without somewhat depreciating the value of the previous title. Nevertheless, the use of as senior a title as possible is one of the devices management can use to attract good men, for after all many of the rewards we work for are in the prestige category."

Another recruiter points out that some men at the peak of the executive pyramid won't make a job change unless it carries a directorship with it.

What about the outlook for other, more basic, features of an incentive system?

Here the recruiters tend to concur that stepped-up competition for good men in high-level jobs is nudging salary levels higher but, more important, is stimulating greater use of deferred compensation—to skirt the tax bite—and other forms of compensation, including contracts for consulting services after retirement, stock options, deferred incentive bonuses, club memberships, and location of company facilities in geographically alluring areas.

The as-yet-uncertain effect of any tax adjustments which Congress might make on incomes was mentioned by several recruiters as a factor which makes it difficult to predict compensation trends.

The recruiters were asked to give their opinion of how important—really—a man's wife is to his success in the business world. Do they assess the wife as well as the man when screening prospects for companies which have retained their services?

#### Wives are important

The majority incline to the view that wives are just as important as all the current lore makes them out to be, that they are a potential force for enhancing or diminishing an executive's progress.

"We think wives are very important to a man's success," says Mr. Hergenrather. "Although it is not always possible for us to interview the wife we make reference checks on her to determine at least these things: How does she drink? How does she talk? Does she talk too much? How does she entertain? Is she emotionally stable and mature? Is she an asset to her husband or does she create problems for him at home?"

"Many, many times," Mr. Hergenrather says, "we have eliminated from consideration a man whose wife does not measure up, even though he may look like a strong candidate on the surface."

Reed Clark comments: "Wives are important. Not so much as support or drive but in recognizing and adjusting to the conditions which are in existence for the executive who is paying a price to move ahead. The wife must pay a price, too."

"A wife is particularly important to an executive if the job requires him to live in a small town, where the wife, in effect, must be socially acceptable and take an active part in community affairs," says Mr. Deland. "Another circumstance is an organization where there is a great deal of sociability among key executives. In such cases, of course, we will be asked to interview the wife. In our opinion, most importantly she should be able to maintain a happy home for her husband. She should share her husband's ambitions and make the sacrifices required by the job. However, if she is more ambitious than her husband, this can cause problems." **END**





*as were here!*

*Wish you were here!*

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# Double talk cuts egghead's

These guidelines can help you make better use of specialists

BUSINESS IS SURROUNDING itself with more and more eggheads.

Specialists of all types—psychologists, sociologists, mathematicians, even anthropologists—have gained access to the executive ear.

In some instances these experts are staff employees; in others they are highly paid consultants. Often they debouch from campus to lecture to management development courses, conduct surveys, interview sample groups in a firm, or prepare special analyses. In still other instances they comprise the main body of speech-makers at management conferences, where they propose disturbing alterations in the way things are done in industry.

There's little doubt that this intellectual elite is impinging on the business mind. But there's a problem:

Does anybody understand what they are saying?

And beyond that lie the questions of just how useful is the specialists' information, and what would happen if their influence were extended.

One barrier to understanding is the specialists' misuse of words. On top of that, their best findings often are buried in obscure journals, read only by other specialists. The problem here isn't the limited circulation of these journals. It's the peculiar jargon used.

A layman who recently called on an engineer heading the research department in a major company found himself practically unable to understand what the engineer was saying. "After two hours of this," he commented, "I was finally rescued by a vice president who sat in on the conversation and translated the language of the R&D man for me."

An extreme example, perhaps, but by no means unlike the frustrations you've probably encountered if you've grappled with the unfamiliar terms of an industrial psychologist, or tried to wade through the heady, hyphenated lingo of a sociologist writing in some publication routed round for your inspection. It looks like English—vaguely—but is it really?

A sound first step to understanding what the eggheads are trying to tell business is to realize that most specialists are writing mainly for each other.

When a sociologist or psychologist writes for a professional journal he tries hard to appear precise and scientific. He uses words in a way which has meaning to other scientists, but does not mean much to a businessman.

## Mired in footnotes

The material is made even more unreadable by the specialist's compulsion to surround everything he writes with the apparatus of scholarship—usually a long trail of footnotes.

Just when it threatens to become readable the expert inserts several statistical tables. If at all possible he'll express his ideas mathematically. If he has borrowed an idea from earlier research he feels compelled to note the fact. Simple English makes him

## WHAT THEY SAY

PSYCHOLOGIST: \_\_\_\_\_

"HOMEOSTASIS"

SOCIOLOGIST: \_\_\_\_\_

"SOCIAL DYNAMICS"

ANTHROPOLOGIST: \_\_\_\_\_

"CULTURE TRAIT"

OPERATIONS RESEARCHER: \_\_\_\_\_

"OPTIMALIZATION"



# value to business

feel naked and unprotected. Somebody in some university might clobber him if he omitted these conventions, and he's more interested in what his colleagues think of him than he is in what a businessman says.

It's a conscious choice to be unintelligible to practical men. Not that he can't write well; many of the ologists are excellent writers when they "go popular." Going popular isn't very wise, however, when appointments and promotions may depend upon critical comment of one's academic associates. This often means the specialist may write for 10 years in jargon before he achieves full professor rank and can feel free to talk and write English. By this time he's gotten into the jargon habit, and often sticks to it himself, as well as perpetuating it among his up-and-coming juniors. It's not always possible to figure out exactly why a behavioral scientist writes as he does. How, for example, would you explain this actual phrase from a psychologist?

"The cognized instrumentalities of the object of the attitude for the attainment of various consequences."

We might guess that it means "We like or dislike things according to how useful they may be" but this would be only a guess.

The useful aspect of technical language is that it is a shorthand in which one word is picked by the people who work in a field as a symbol for a lot of others—as a means of saving time. Take the statistician for example. When he wants to say this:

"The number which is repeated most frequently in a large group of numbers, arranged according to how often each number is repeated" he simply uses a technical word . . . "the mode."

When he's talking to another statistician they both understand what is meant and save a lot of words. But others won't understand.

At the opposite extreme is the pure jargoneer. He uses six words where one would do, and never uses a plain word where an obscure one can be found. In a way he's the faculty counterpart of a student who pads a term paper to hide the fact that he has nothing to say. It's also a canny realization that many people can't distinguish between brilliance and obscurity.

Usually the layman—when he is completely baffled and the other person has credentials indicating that he should know what he is talking about—will concede wisdom when he is actually viewing insensitivity to the audience or pure pretentiousness. Among the most insensitive writers of our day are some behavioral scientists, for example, who produce literature related to "sensitivity training."

The chasm between businessmen and social scientists, however, is often deeper than the language barrier, and the jargon is merely a symptom of different interests reaching far beyond different vocabularies. The social scientist is often interested in concepts for their own sake, and not in problems which concern the manager. Thus, even if translated, his findings might seem trite or irrelevant to the businessman.

## Case of the young professor

Not long ago a brilliant young assistant professor in a midwestern university was sacked rather than promoted to associate professor because "he only wrote for popular magazines." In short, he wrote for readers who might use his research and ideas rather

## WHAT THEY MEAN

"The ability to maintain one's equilibrium."

"We live in a swirling mass of people, but I can plot it."

"Habits or objects in a culture—credit cards, business luncheons."

"Arriving at the logical best solution to a problem."



## DOUBLE TALK

*continued*

than for colleagues who would dissect them. The ice-cap of academic ladder-climbing assures that jargon will continue. If businessmen want to use it they will have to dig it out, or hire somebody to do the digging for them.

The manager who tries to penetrate the language barrier in social science encounters obstacles which make it even harder scratching than scientific language in engineering and the physical sciences. Most words employed are in common usage in other contexts. Thus, an identical word may have one meaning to a businessman and another to the social scientist. This can quickly lead to a tangled semantic mess. The social scientist adds to this confusion by making his jargon part of his daily speech, often without the same precision he would use in technical discussions.

Such words as "feedback" and "interact" have lost much of their precision by being used at such unscientific gatherings as cocktail parties by half-informed people.

One manager received a letter from a professor who was going to be consulting for his firm. The professor indicated pleasure by stating, "My overview of our forthcoming interaction has a high expectation level." The manager tried to cancel the contract but found that it was written in equally obscure but air-tight legal language.

The social scientist often finds he is in status trouble. On one hand the physical scientist holds him in somewhat lower regard than the mathematician, chemist or physicist because his field is less precise. At the same time the businessman is likely to ascribe more scientific validity to his conclusions than is actually warranted. Yet, the specialist seeks the approval of the scientific community most of all. Being beloved of sales managers and plant engineers doesn't do anything for him among his scientific or academic colleagues. At the same time he finds it difficult to repulse the warm wave of respect which often attends his efforts in the market place.

Some social scientists work out this dilemma by writing or speaking two languages. They write technical, jargon-jammed papers for their colleagues, then rewrite the same material in English for business clients.

What are the eggheads telling management? How good is the in-

formation? Generally the scientists' findings fall into one of four categories:

- ▶ They report that what has always seemed true really is.
- ▶ They discover that the obvious isn't necessarily true.
- ▶ They occasionally conclude the obvious is all wrong.
- ▶ They prove that management's values need grinding.

Perhaps the most puzzling aspect of social science research is that it often merely proves that the things you believed were true can now be proved true, scientifically.

What's the advantage of learning what you already know? In part it's in bringing out consciously what has been felt intuitively.

Rensis Likert, University of Michigan social scientist, uses a special technique to overcome the tendency of managers to snort: "Those findings are obvious. I knew that all along."

Before Dr. Likert commences an industrial study he asks the managers to predict what the outcome will be. He files their prediction. Later, when the actual results are in, he waits for the scornful rejoinder "I knew that all along" and compares it with the prediction. In more cases than not the prediction and the result don't match.

One of the favorite starting places for social scientists is to study stereotyped assumptions, for example:

"Tight control leads to more efficiency."

The social scientist enjoys prowling about a company and finding situations in which these tenets don't apply. He doesn't suggest that they are absolutely false. He may discover that in some organizations tight control lowers effectiveness, in others that it's perfectly sound. In still other cases he may find that it works fine in the short run but has bad effects over a long period of time.

When his prowling is concluded, the researcher will tell the manager what has been discovered, and suggest what the effects of certain actions might be if he chooses to take them.

Research methods also often lead the experts to discover that what is "obvious" becomes completely false when it's put under scientific scrutiny.

Usually, the disproof of the obvious has this hooker, however. Behavioral research all too often sets up a straw man in some flat statement, and then stabs it with a

scientific study. One key to the success of the debunkers is that they can take any statement which begins with "all of" or "always" and prove it false. All they have to do is find one exception.

What would be the effects of enlarging the influence of the specialists in business firms which now flirt with them? Here are four possible effects:

Improved decision-making. The trick here—for the manager—is to use the information of the experts without losing track of the key ingredient, decisions. Better facts, more insights, sound research, adroit new combinations of ideas, all of these can help.

When the social scientist tries to impose some goal other than profit, growth or survival upon a firm, he's suggesting that it take its eye off the main target.

Adding specialists can be expensive, and their contributions should be weighed against expense.

New ideas could provide the key to breakthroughs. In areas of organizing groups, measuring human potential, they could move business to a new plateau of effectiveness.

Probably the most serious limitation which the businessman faces in using the advice of behavioral scientists is to remember constantly that these people are experimental thinkers. Often, a recommendation from a behavioral scientist is a request that the manager experiment with an already successful organization to try out an idea which the scientist is confident will work. If it does, the company might make a lot of money and win a competitive advantage. If it doesn't, the behavioral scientist can always walk away from the rubble.

Here's a safe guide for any manager who is being urged to experiment with untried methods:

1. Estimate the costs of failure and match them against the possible gains. If the ratio is low, then you might want to experiment.
2. Where costs of failure are negligible, and the possible returns are very high—grab it with both hands, give the endeavor your personal attention and try to make it work. There's an energizing effect in such programs.

—GEORGE S. ODIORNE

**REPRINTS** of "Double Talk Cuts Egghead's Value to Business" may be obtained for 30 cents a copy, \$14 per 100, or \$120 per 1,000 postpaid from *Nation's Business*, 1615 H St. N.W., Washington 6, D.C. Please enclose remittance with order.



## SPECIAL LETTER

### NATION'S BUSINESS EDITORS REPORT: Workers are scarce

**Despite much-publicized unemployment** there are serious shortages of workers in America.

And the number of hard-to-fill jobs throughout the nation is rising, government officials tell Nation's Business.

These openings increased more than 1,000 in one month, bringing total as counted by government to almost 25,000.

Actual number of hard-to-fill jobs runs much higher.

Federal count does not include thousands of openings listed with private employment agencies, or recruiting by companies, which is not reported. Nor does it reflect total backlog of unfilled openings registered with the U. S. Employment Service. Reason: Only persistently hard-to-fill jobs are reported to regional employment networks and come to the attention of officials in Washington.

\* \* \*

**Worker scarcity** has received less emphasis than chronic joblessness and top-level concern over shrinking demand for the unskilled worker and high school drop-out.

Yet even in so-called distressed areas—where unemployment exceeds six per cent of work force—many jobs go begging.

Reason, of course, is that unemployed lack skills in demand.

There's still a shortage of scientific, technical, engineering personnel. Others in short supply include metal workers, automobile mechanics, able stenographers, machine operators, social welfare administrators and workers, health service employes, teachers, toolmakers.

Managers also rank high on hard-to-fill list.

Item: Survey by Sales Executives Club of New York shows more



than 200,000 new salesmen will be needed in America this year alone.

\* \* \*

**Reluctance to move** is an important impediment to matching workers to available jobs.

In many instances unemployment compensation benefits are big factor in holding semiskilled, unskilled workers to an area where job opportunities are drying up. Since idle workers still have income, a prime incentive to relocate is missing. In professional ranks, authorities find greater willingness to move.

\* \* \*

**Better manpower planning** would help business avoid sudden, pressing need for hard-to-find workers.

This would help not only to head off shortages but also would enable companies more gracefully to dismiss or relocate workers whose jobs have been made obsolete by advances in technology.

\* \* \*

**Rising demand** for workers in two fields is of particular interest.

One is health services, where people are needed to provide medical attention for nation's growing population.

There's particular demand for men and women to work in hospitals and homes housing the aged. Doctors, nurses, medical technicians, orderlies, others.

Workers with technical skills just short of those of the engineer represent a second group for which demand is trending upward.

People of this type are needed to assist engineers with surveying, other duties not really requiring an engineer's services. Some see need for more two-year technical institutes (after high school) to train such people.

\* \* \*

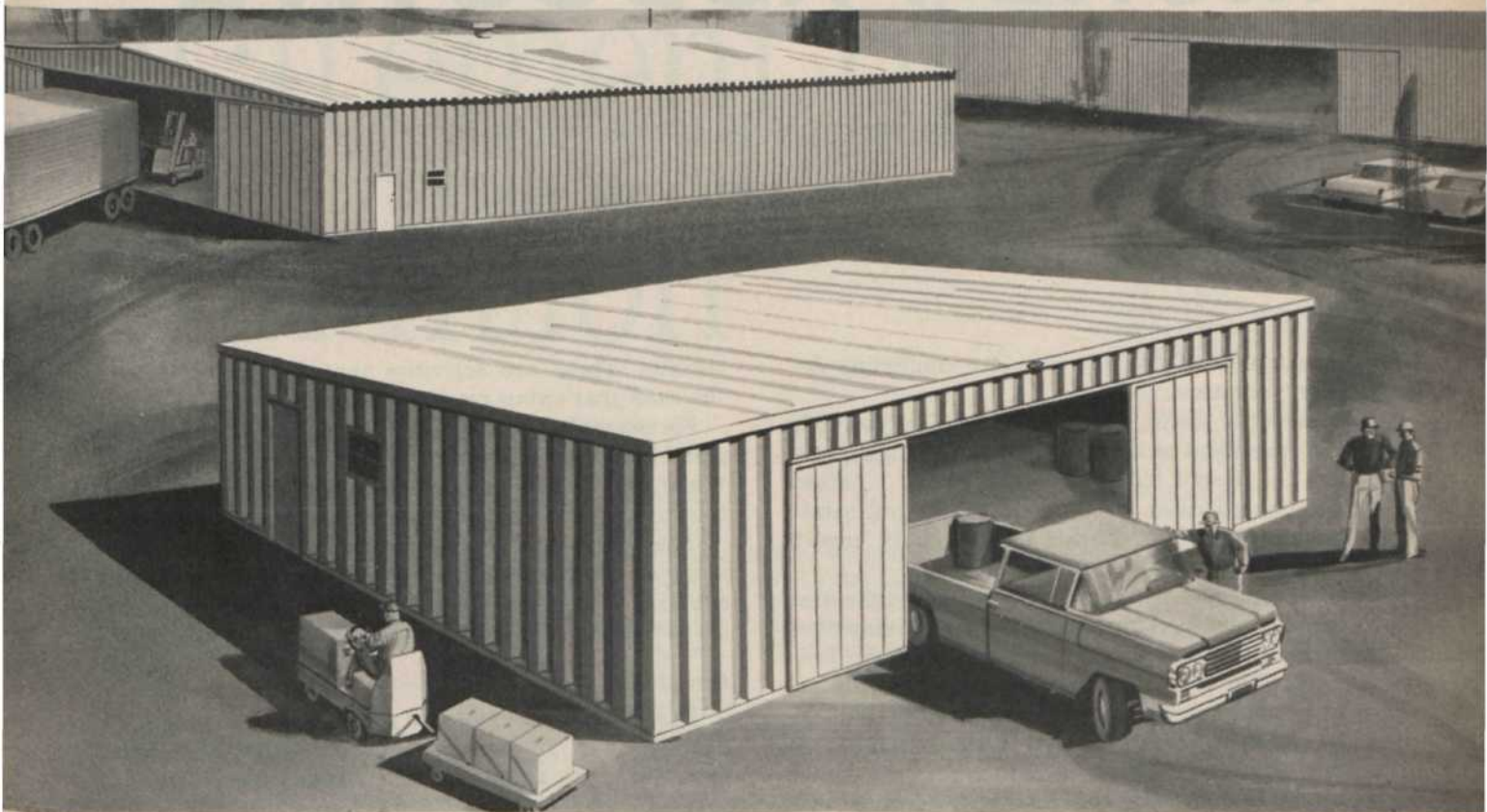
**You can improve** your own chances of finding hard-to-get manpower by staying abreast of statistical and other manpower data.

Two sources: "Area Labor Market Trends" and "The Labor Market and Employment Security"—both publications of Department of Labor.

Coming in about one year: Results of new government studies of workers' attachments to labor market—what prompts employes to change jobs, enter or leave labor market. Thousands of workers will be interviewed.



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# MAKE YOUR TIME MORE PRODUCTIVE

This concept will help you get better value from your hours

EVERY MINUTE of the day you face conflicting demands on your time:

Your superior wants to see you . . . "Can you talk to Mr. X, president of Z Company?" . . . A shipment's missing . . . "Can I have next week off?" . . . Must get to the board room at two . . . "Send up a sandwich and coffee" . . . Finish the quarterly report this afternoon instead of tomorrow. . . .

Many hard-pressed executives try to handle the time problem by making quantitative adjustments: They short-cut some tasks, lengthen the work day, and so on. But now more managers are moving to ease time pressure by manipulating the qualitative aspects of time. Among the advantages of this approach is the fact it doesn't require a detailed study of how you spend your time—a common drawback of time-saving ideas.

Businessmen have little trouble accepting the principle that the time they spend on the job qualitatively is not the same as that measured by quantity. They make distinctions like these:

"Sometimes I'm busy, sometimes things are slow."

"Afternoons are more hectic than mornings; Fridays are worse than Mondays."

A somewhat more precise analysis is provided by an executive who points out: "There are two kinds of time—productive and nonproductive."

Helpful though these distinctions may be, they don't go far enough. Even the two-way breakdown, between productive and nonproductive time, oversimplifies and covers up important differences among the kinds of time-use that occur on the typical job.

By functional breakdown, there are four kinds of activity that make up the pattern:

- ▶ Payoff time.
- ▶ Investment time.
- ▶ Organizational time.
- ▶ Wasted time.

Knowing the distinctions between these kinds of time can help you begin to achieve more productive use of each day.

## **Payoff time**

Many things you do on the job yield immediate

benefits. These are activities that directly advance the work that's your responsibility.

For example, when you assign work to your people you know that this effort has an immediate payoff. When you help a subordinate unravel a problem, this use of time also falls into the payoff category.

Other time uses of the payoff variety include your personal workload—dictating letters, writing reports; speeding delivery of materials, information; expediting the work of departments that mesh with yours.

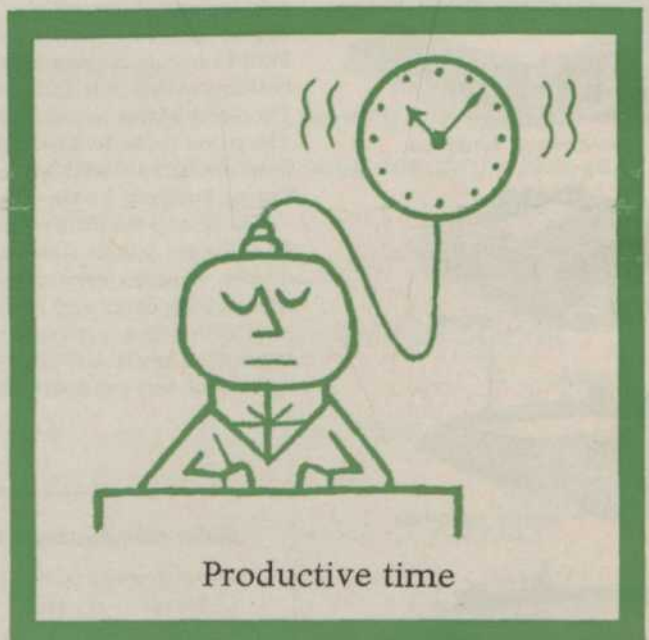
## **Investment time**

Time expenditures in this group also are made for the benefit of your area of responsibility, but they have a unique characteristic: Weeks, even months, may pass before you realize a return.

Time use in this category includes—

Planning: You sit down to design a program that eventually will reduce operational errors.

Training: You spend a couple of hours with a sub-





# New York Life statement of condition

DECEMBER 31, 1962

Prepared from the Annual Statement filed with the New York State Insurance Department

## ASSETS

<b>BONDS:</b>	
United States Government .....	\$ 201,085,448
State and municipal .....	262,849,295
Railroad .....	242,849,378
Public utility .....	1,280,237,294
Industrial and miscellaneous .....	1,737,308,626
Canadian .....	147,275,454
	<u>\$ 3,871,605,495</u>

<b>STOCKS:</b>	
Preferred and guaranteed .....	\$ 364,785,273
Common .....	283,458,036
	<u>\$ 648,243,309</u>

<b>FIRST MORTGAGES ON REAL ESTATE:</b>	
F.H.A. Insured and V. A. Guaranteed .....	\$ 1,212,074,458
Conventional loans .....	840,476,807
Canadian N. H. A. Insured .....	5,951,199
	<u>\$ 2,058,502,464</u>

<b>REAL ESTATE:</b>	
At cost less depreciation and amortization—	
Properties for Company use .....	\$ 45,695,277
Rental housing and business properties .....	321,640,183
	<u>\$ 367,335,460</u>

<b>MINERAL INTERESTS</b> .....	\$ 32,823,870
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<b>LOANS ON POLICIES</b> .....	516,363,953
Loans made to policy owners, secured by cash value of policies .....	

<b>CASH</b> .....	40,036,024
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<b>DEFERRED AND UNCOLLECTED PREMIUMS</b> .....	129,234,217
Premiums in process of collection, and instalments of premiums payable other than annually and not yet due .....	

<b>INTEREST AND RENTS DUE AND ACCRUED AND OTHER ASSETS</b> .....	68,756,403
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**TOTAL ASSETS** \$ 7,732,901,195

## LIABILITIES

<b>POLICY RESERVES</b> .....	\$ 5,707,288,305
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These reserves, together with future premiums and interest, assure payment of benefits to policy owners and beneficiaries. The reserves are certified by the New York Insurance Department.

<b>POLICY PROCEEDS AND DIVIDENDS LEFT WITH COMPANY AT INTEREST:</b>	
Proceeds under policies previously matured .....	408,016,135

<b>Policy owners' dividends</b> .....	586,941,024
Amounts left with the Company by beneficiaries and policy owners to be paid to them in the future .....	

<b>PROVISION FOR POLICY OWNERS' DIVIDENDS PAYABLE IN 1963</b> .....	157,377,314
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<b>PREMIUMS RECEIVED IN ADVANCE OF DUE DATE</b> .....	41,300,698
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<b>POLICY CLAIMS</b> .....	38,552,992
Benefits in course of settlement and provision for claims not reported .....	

<b>MANDATORY SECURITIES VALUATION RESERVE</b> .....	171,034,229
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Provided for bonds and stocks under formula prescribed by National Association of Insurance Commissioners

<b>TAXES—FEDERAL, STATE AND OTHER</b> .....	34,096,630
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<b>OTHER LIABILITIES</b> .....	47,735,490
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**TOTAL LIABILITIES** \$ 7,192,342,817

## SURPLUS

<b>SPECIAL SURPLUS—ASSET FLUCTUATION FUND</b> .....	\$ 55,000,000
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<b>SPECIAL SURPLUS—GROUP LIFE CONTINGENCY RESERVE</b> .....	3,600,000
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<b>UNASSIGNED SURPLUS</b> .....	481,958,378
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**TOTAL SURPLUS** \$ 540,558,378

**TOTAL LIABILITIES AND SURPLUS** \$ 7,732,901,195

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ordinate, briefing him on a problem in the expectation that he will come up with a solution.

Essentially, you're investing time in the same way that you might invest money. As time passes, the profits—in the form of improved work results—start coming in.

Other examples include the time you spend developing new methods, handling gripes and complaints, and making social contacts with associates.

## Organizational time

You have obligations to other people in the company:

- You discuss a policy matter with your boss.

- You're on the telephone for half an hour, filling in a staff specialist on results you're getting from a new administrative procedure.

The purpose of these actions is to further the ends of the company, in all its departments. Some additional items in the organizational group:

- Reports to the front office.

- Reports to staff departments.

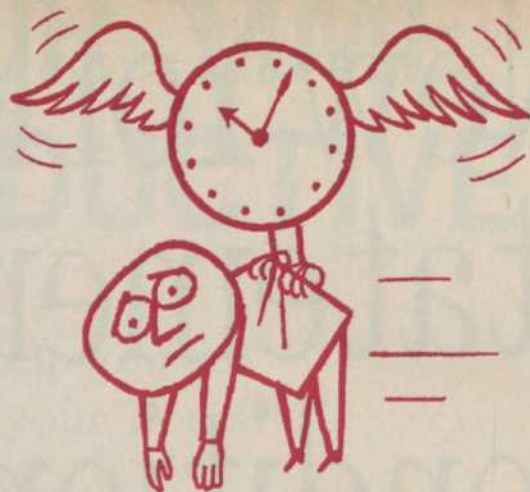
- Conferences with other executives.

- Policy discussions with personnel.

## Wasted time

Every executive squanders a certain amount of time. Offhand, it might seem that items in this category would be easy to pinpoint. You only have to think of a rambling conversation you got involved in, or a wild chase after information that eventually wasn't needed.

But in some ways, this category is the trickiest of all. Sometimes executives arrive at hasty judgments about the nature of time waste. For example, what about thinking? Does thinking belong in the category of wasted time? Obviously, the answer is



Nonproductive time

“no.” The slogan of a well known manufacturer of business machines has made us all aware that the executive who is sitting quietly in thought may be 10 times as productive as his colleague down the hall.

“There is tremendous wasted time and effort that could be avoided if the top manager would take time out to think,” says one company president.

“The best way to work is for the top executive to think through his philosophy and direction on a particular question and delegate further study and the course of action to a department head.”

A further word of caution. Observable behavior alone doesn't tell the story. The executive sitting at his desk trickling paper clips through his fingers could be procrastinating. But, he could also be solving a problem or reflecting on a situation that promises potential gain.

An activity is time wasted if it fills no useful function, or pads out the time needed for a task.

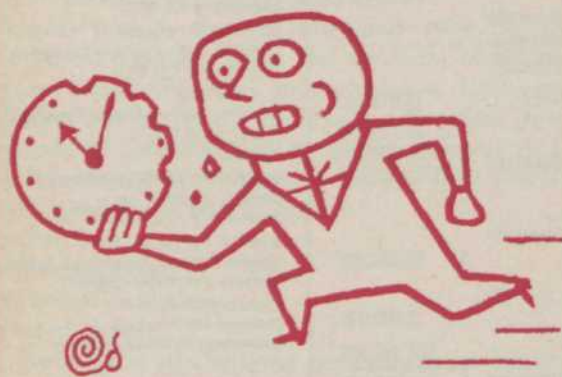
The executive who spends 10 minutes writing an interoffice report that can be done in five is wasting five minutes.

Just being aware of the four-way breakdown can give you useful new insight into use of your time. But the categories of time usage can be used to help improve mastery of time in other ways.

## Improving your pattern

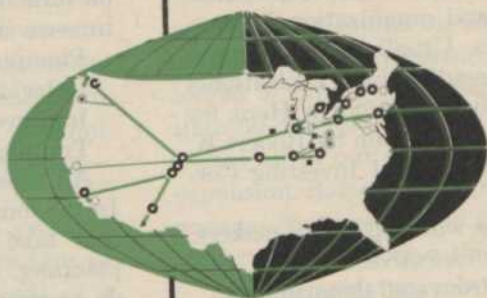
The best time pattern combines all three productive uses: payoff, investment and organizational time. Which is best? There is no meaningful, general answer. Requirements vary from one man to the next. However, a simple set of principles can help you review and revise present time expenditures in the interest of greater personal effectiveness:

1. Balance short-run versus long-run benefits. Every worthwhile thing you do on the job yields desirable results. Some of the advantages show up in the immediate advance of the work or profitability of the enterprise. Other benefits may turn up in the future. You need both short- and long-range results to make



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# MAKE YOUR TIME PRODUCTIVE

*continued*

an effective contribution. What's needed is a balance among payoff, investment and organizational items.

2. Verify your commitments. Usually a few minutes with a pencil can help an executive list organizational items that are part of his job responsibility. Here, for example, is the start of a list drawn up by Robert K. Lifton, president of Transcontinental Investing Corporation, a real estate firm:

- Daily planning conferences with top policy-makers.
- Weekly meetings with key executives.
- Studying periodic reports from staff departments.
- Progress reports to the board of directors.

In some instances a discussion with your boss on organizational obligations may be helpful. Such talks can make executives aware of responsibilities they've been neglecting. Just as important, they reach a better understanding of organizational activities that may have been carried out grudgingly and with the feeling that they represented a waste of time.

3. Change of pace can be desirable. For many managers, there is a refreshing change of perspective, and a renewal of energies in a series of tasks that vary in kind and magnitude. Instead of getting on a merry-go-round of payoff items, varying your diet may be easier on the feet, the brain and the spirit.

But there are some practical considerations that influence the succession of executive tasks. Obviously, first things come first. A number of critical problems in the day-to-day operation of a department—the payoff category—might have first claim on your time. On the other hand, a request from the front office that you drop everything and turn in an essential report may mean long hours devoted to an organizational expenditure. Not an ideal activity pattern, but there's no doubt about its priority.

Avoid trying to cover a lot of ground by giving a number of tasks superficial attention. This nibble-

and-run method is not a change of pace, but a case of minimum motion yielding doubtful results.

4. Use time investment as a foundation for time-saving. The Research Institute of America, in a survey on time use, asked executives: "What is your biggest time-saver?" Here are the first-ranking answers:

- Planning.
- Delegation.
- Improved methods.
- Training subordinates.

All these items belong in the investment category. In the long run the biggest time-savers are the moves that take the time pressure off you. Better work-planning, better methods, subordinates who can and do assume responsibility, are major instruments for extending your time capabilities.

5. Spot and stop major time-wasters. For some, this may prove to be specially important. In the Research Institute survey, another question asked was: "What is your biggest time-waster on the job?" Among factors cited were interruptions by subordinates, conferences, lack of proper communications, errors, telephone calls.

It's important that these answers not be taken at their face value. In fact, what has already been said indicates that there is considerable lack of real understanding as to what represents a waste of time on the job.

Look at "conferences," cited in the "time-wasters" replies. They may be essential, though not understood as such by some executives. For time to be wasted an activity must be unnecessary, padded out, require re-doing.

"Interruptions" also reveals a common misconception. You'd probably get 100 per cent agreement that interruptions are wastes of time. But it's doubtful that many people understand why.

This question can be clarified. Let's say you're at your desk working up a list of assignments for your subordinates. A junior executive interrupts to ask for help with a previously assigned task.

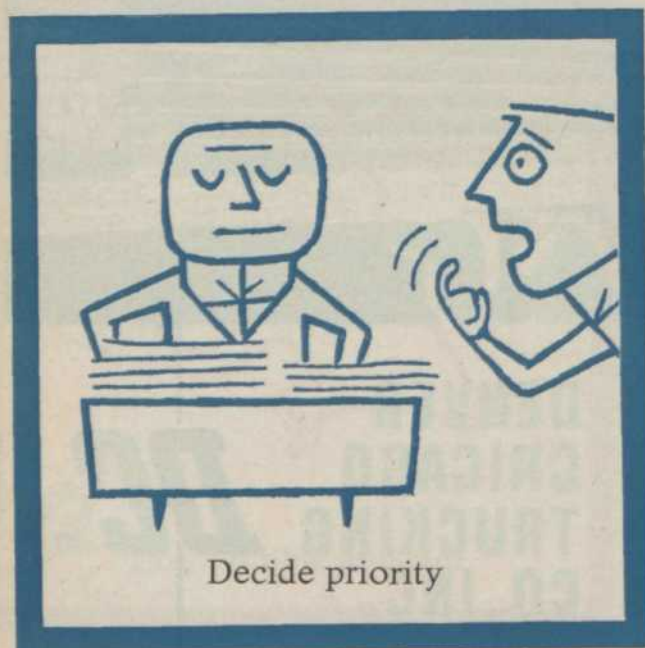
There is no doubt about two things. First, your work on an important task is being interfered with. But there's also no question that the problem being brought to you requires attention. Therefore, if you leave your desk to help with the problem, your activity is a time expenditure in the payoff category—and thus obviously not a time waste.

## Be interruption-sensitive

Ludwig von Kleydorff, president of Paradiso Associates, an international management consulting firm, says of interruptions:

"Before deciding to break off one task in favor of another, the executive makes a decision based on the answer to the question: 'Which is more important, the task at hand, or the one posed by the interruption?' In one case, you'll stop some correspondence to tackle a problem of equipment failure. In another case, you might conclude, 'Let the equipment problem go for a while, I've got to finish the correspondence first'."

In dealing with interruptions remember that organizational and investment items usually have less deadline priority than payoff items. Also, you can





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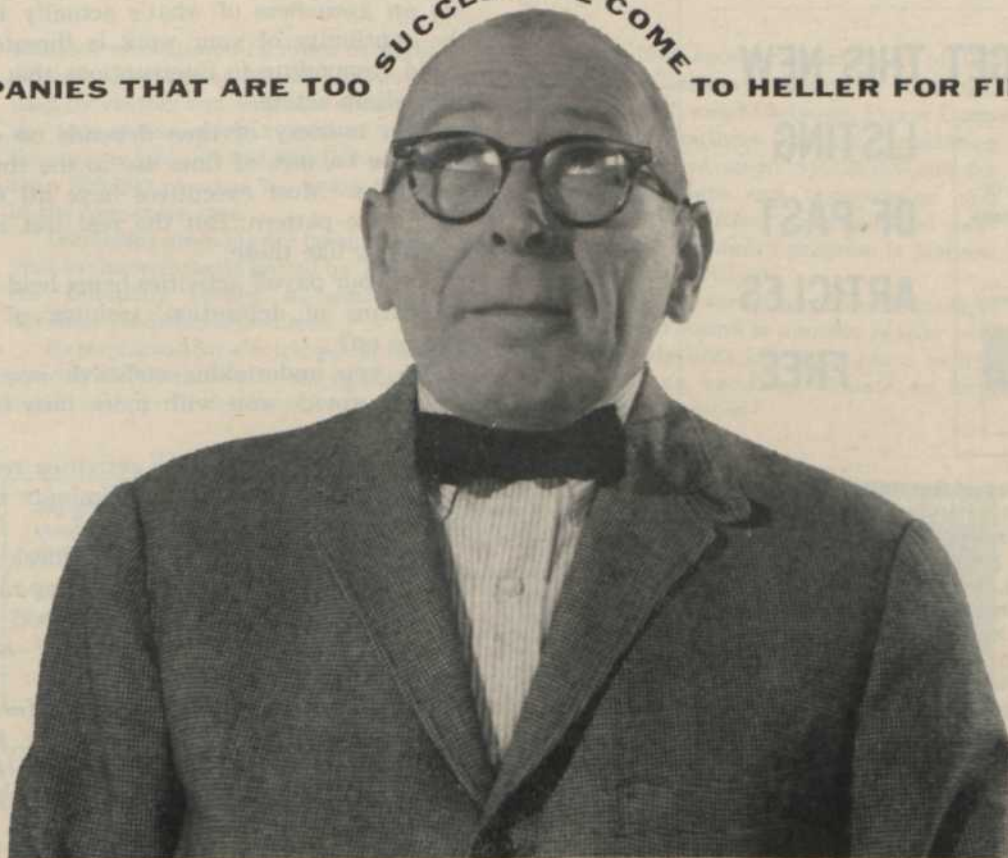
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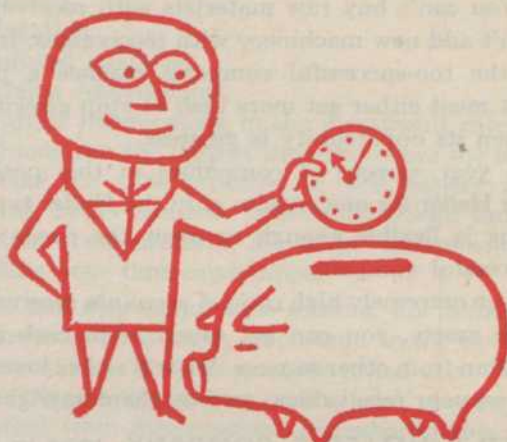


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## MAKE YOUR TIME PRODUCTIVE

*continued*



Invest for future use

put aside one payoff item in favor of another if there is more riding on the outcome of the second. A work obstacle that might stymie 10 people would demand your attention more urgently than one that affects only one.

Further, you lessen interruptions by using organizational and investment items as gap-fillers in your schedule. By tending to payoff items first, you make it less likely that they'll come back to plague you at an inconvenient time in the future. By developing an awareness of what's actually involved when the continuity of your work is threatened, you can avoid responding to interruptions that don't warrant immediate action.

Your mastery of time depends on developing an effective balance of time use in the three productive categories. Most executives have all three types in their time pattern. But the real test is provided by questions like these:

Are your payoff activities being held to a minimum by means of delegation, training of subordinates, and so on?

Are you undertaking sufficient investment activities to provide you with more time latitude in the future?

Do your organizational activities reflect up-to-the minute needs, adjusted to eliminate obsolete items and to include new requirements?

Such questions will help you check your time expenditures on both a daily and long-range basis. It's not more effort that represents good time use, but better directed effort.

—AUREN URIS

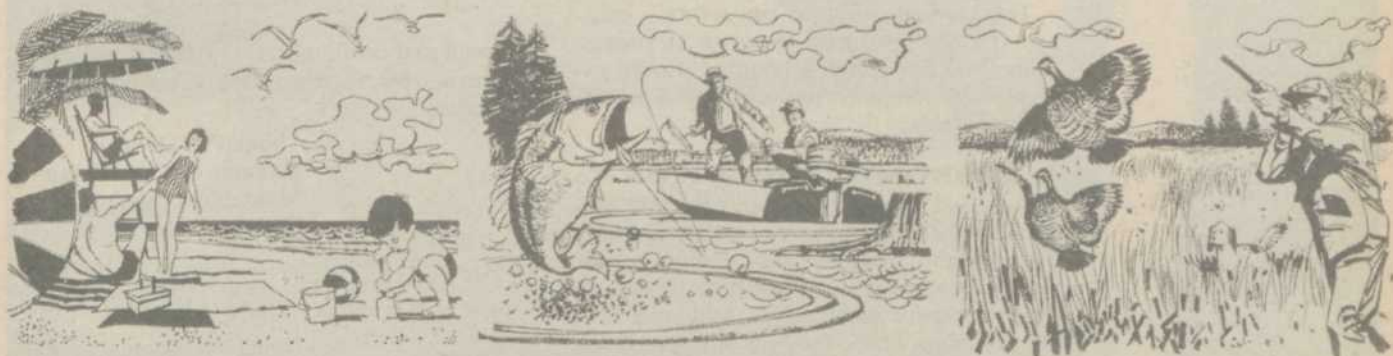
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Value of Construction . . .	31.1%	17.5%
Life Insurance in Force . . .	57.3%	42.1%

\*\*Sources: U.S. Dept. of Commerce

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# STATES BLUNT FEDERAL GRAB FOR CITIES

## Governors pushing programs aimed at developing cooperative problem-solving

THE POLITICAL ROMANCE between Washington and the nation's cities is meeting growing resistance from an old suitor—state government.

More and more, states are supplying the needs and wants of their cities through planning, administrative, and financial innovations.

For business, this could mean lower costs, more efficiency and more local control.

The increased interest on the state level has by no means thwarted all advances from the central government in Washington. In fact, the current Congress has pending before it proposals to take charge of a variety of activities normally considered local in nature. To wit: grants for urban mass transit systems, programs to build schools and pay teachers, more loans for small business, protection for illegitimate children, national standards for unemployment pay, retraining for workers, hospital treatment for the elderly, and parks and public works for many towns. And, though the past Congress turned it down, the Kennedy Administration still wants a new federal Department of Urban Affairs.

Over the past generation, the expanding multi-billion dollar federal grants-in-aid programs in such areas as road-building, health and welfare have tended to make communities lean more on federal than on state government.

This led to such fears as former President Eisenhower expressed a few years ago that the states were slowly becoming "powerless satellites of Washington."

There is no rush to abandon the many federally inspired programs of shared financing of public needs, but many states are taking steps to solve their

problems and meet urban demands on a local basis.

States are paying for urban renewal, laying plans for open spaces around big cities, giving tax rebates for commuter railroads, employing urban extension agents similar to the more familiar farm agent, projecting water needs several years ahead, and encouraging joint contracting of necessary local services by several communities.

The Supreme Court decision letting federal courts hear suits questioning apportionment in state legislatures will likely give the cities and suburbs more representation in state assemblies, now heavily weighted in favor of rural representation. This could make the legislatures more responsive to urban needs.

Today even some governors who welcome enlarged aid programs from Washington are jealously guarding their authority and adopting new instruments for treating urban problems.

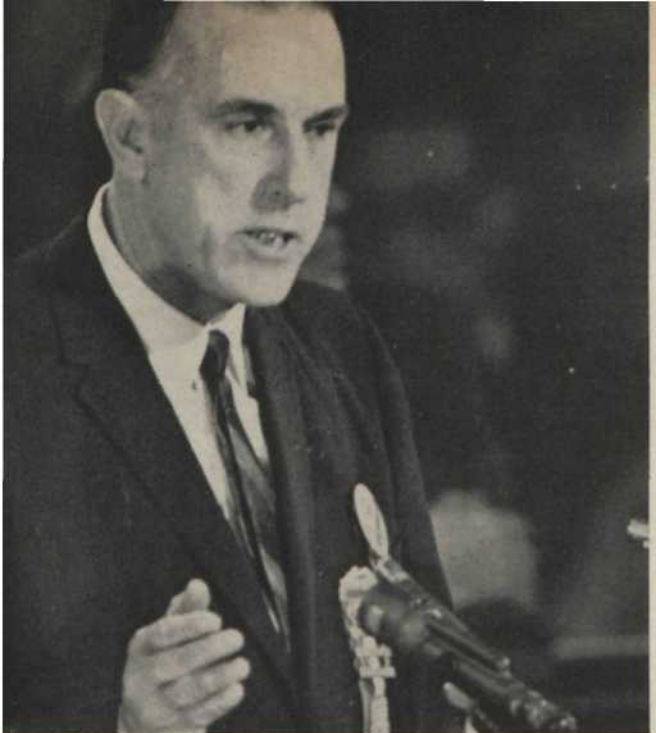
New York's Gov. Nelson Rockefeller says he is "convinced the states are in the key position to provide the leadership in meeting present and emerging needs growing out of urbanization and that they can

"We don't want our taxes sent to  
Washington, drained out, and  
then sent back"

Gov. Edmund (Pat) Brown, Calif.







PHOTOS: WIDE WORLD

"Federal interference reduces the incentive for states to solve their own problems."

Gov. Paul Fannin, Ariz.

most effectively promote the necessary cooperative action with local governments and the federal government."

In New York, state aid to localities is six times that of federal aid.

Gov. Mark Hatfield of Oregon sees the federal-state relation as a necessary partnership. He believes there is no distinct line to separate which functions are federal and which are state in many areas. But "the state must be guaranteed a voice. It cannot be a rubber stamp or field office of the federal government. The state must be on guard to assure that it keeps its flexibility to meet its individual problems."

#### **States bid for taxes**

A request for just such action has been made by the Governors' Conference, the 55-year-old organization comprising the governors of all the states and U. S. commonwealths and territories. The Governors' Conference last year unanimously adopted a resolution calling on the President and Congress to turn back to each state five per cent of the federal individual income taxes collected in that state. The bulk of the money returned was proposed to be used for education, the largest item in states' budgets.

If such a proposal were to be enacted it would take about \$2.5 billion from the federal Treasury. But perhaps more important than the revenue loss, there is little political mileage for lawmakers in Washington merely to turn back money to the states for their disposal. So chances for its adoption are slight.

Efforts to return certain taxes and responsibilities to the states bogged down during the Eisenhower Administration. As Idaho Gov. Robert E. Smylie

told NATION'S BUSINESS: "You can't unscramble an egg. Lots of federal programs will stay in the form they are in. But I believe congressional resistance to new programs of federal interference in the states will harden." Governor Smylie is chairman of the Governors' Conference Committee on Federal-State Relations.

Federal aid, he says, "is like being sick and getting your prescription filled at a drugstore a couple of thousand miles away." He believes the proposed Department of Urban Affairs would merely "put a lot of problems in one bundle and create more problems of bureaucracy and red tape."

Urban problems are not as large in Idaho, of course, as they are in many other states. It is not one of the 17 states in which more than two thirds of the population lives in metropolitan areas.

Today nearly 80 per cent of the total U. S. popu-

"States are in a key position to provide leadership for meeting needs of urbanization."

Gov. Nelson Rockefeller, N.Y.



lation lives in metropolitan or urban areas. Urban affairs is easily one of the top problems in nearly every state.

#### **Why cities have troubles**

Money is one of the reasons. Cities have been having trouble making ends meet. Local government outlays exceeded \$40 billion in 1961, some \$10 billion more than revenues coming into their treasuries. The deficits were made up by payments from states and the federal government.

The money troubles are rooted in the fact that any urban area may be composed of scores or hundreds



## GRAB FOR CITIES

*continued*

of taxing and administrative agencies. This proliferation of jurisdictions makes economical and efficient operation difficult.

Moreover, the needs and resources of specific jurisdictions often don't match. High revenue-producing taxpayers may be in one jurisdiction, while the demands for new facilities and services may be in a section with a low tax base.

Finally, the local tax structure, which stresses property levies, is not the most equitable or practical means of raising the revenue to meet all today's urban needs.

But this doesn't mean urban areas don't have the money. They do. It's a matter of coordinating and pooling resources to a large extent. This is often being done with state help. Where states don't take the initiative, cities often turn to Washington.

It's a mystery to some state officials why Washington is considered richer than the states. As Florida's Gov. Farris Bryant points out: "The federal government has a debt of more than \$300 billion. The states owe less than \$20 billion. The states have the financial capacity to pay for their needs. Most people don't realize that the states are meeting their responsibilities and meeting a larger proportional share of the cost of civil activities than the federal government is."

States are now spending about 12 times as much for education and 10 times as much for highway construction as they were 20 years ago.

Gov. Paul Fannin of Arizona sees "a public awakening to the threat of federal intervention." Control always follows federal aid, so the money should be left in the local communities, he believes. Federal interference, he adds, reduces the incentive for state and local governments to solve their problems.

### How states can help

The state is pictured as the best agent to solve the complex problems of urban regional development, in a report on this subject by the Council of State Governments:

"The ability of local governments to meet the critical development problems is largely conditioned by the state. The tools the localities can utilize, the money they spend and the powers they exercise, are to a great extent determined by a wide assortment of state consti-

tutional, statutory and administrative regulations. . . .

"State government possesses singular qualifications to make profound and constructive contributions to urban regional development practice. The state is, in fact, an established regional form of government. It has ample powers and financial resources to move broadly on several fronts. Far-ranging state highway, recreation and water resource development programs, to name a few, have had and will continue to have great impact on the development of urban and regional areas.

"Moreover, the state occupies a unique vantage point, broad enough to allow it to view details of development within its boundaries as part of an interrelated system, yet close enough to enable it to treat

---

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Congress listens. You  
can get a sample of citizens'  
letters on taxes and  
spending in article on  
page 34**

---

urban regional problems individually and at first hand."

Here are some of the actions open to a state in dealing with local governments:

1. The state can make sure existing cities and counties have the statutory power to plan, spend money, raise funds, acquire land and build projects for urban development purposes.

New York State, for example, initiated a state constitutional amendment to provide a better definition of home rule powers for local governments.

2. The state can let localities collaborate or consolidate to provide needed services that are hard to handle on an individual local basis.

Minnesota, for instance, adopted a law to enable adjacent towns to set up joint sanitation districts. Kansas has authorized localities to cooperate in a number of areas, including airports, courts, electrical service, libraries, hospitals, jails, civil defense, police protection, refuse, fire protection, schools and water service.

3. The state may give financial aid to localities through loans, grants

or tax concessions to help them foot the bill for urban needs.

Connecticut, Louisiana, Massachusetts, New York and Pennsylvania all give direct financial assistance to local governments for urban renewal. New Jersey has a program of grants-in-aid to communities for five-year periods.

4. The state can provide technical aid. This might take the form of a planning agency with a staff available to study specific local problems.

The Tennessee State Planning Commission, for example, checks subdivision plats, advises on zoning changes, and makes traffic and budget studies for cities.

5. The state may take steps in the interest of the greater regional community.

Wisconsin, Minnesota, and Alaska recently have adopted administrative procedures for orderly annexing and incorporating by municipalities.

Some 80 per cent of the 212 standard metropolitan areas in the U. S. are in single counties. The county unit, if organized adequately to meet current problems, can effectively carry out operations that have outgrown municipal boundaries. This procedure has been used in California, New York and Florida.

Intergovernmental contracts have been used in recent years, particularly in Los Angeles County, where, for example, the city of Lakewood contracts with the county to provide all its services.

Joint operation of facilities is another innovation. Joint financing and maintenance of public buildings is prevalent among communities in the Chicago, St. Paul and Berkeley areas.

6. The state may expand its activities to areas traditionally of local responsibility. One rapidly expanding field in which several states are acting is acquisition of open space recreational areas around cities.

Wisconsin is going to spend \$50 million over 10 years for open space. California and Pennsylvania are considering expenditures of \$150 million and \$70 million respectively for such green spaces.

7. A state can establish an office of local affairs to deal systematically with urban problems.

New York has an Office for Regional and Urban Development in its executive department. It reports directly to the governor. In New Jersey, a Division of Local Government is under the state Treasury



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## GRAB FOR CITIES

continued

Department. Tennessee and Maryland also have agencies to serve their cities, administered through their state universities.

One of the most severe headaches among the largest cities today is mass transit.

Even in states that profess a spirit of independence, there is pressure for federal help.

Gov. Edmund G. (Pat) Brown of California says he vigorously opposes federal handouts. But, he told NATION'S BUSINESS that the state needs cheaper money for its mass transit systems.

Fast-growing California will soon become the nation's biggest state in population. "You try to finance expansion through bonds, but eventually you reach a saturation point in how much the market will absorb," bemoans the California governor. "We don't want our taxes sent to Washington, drained out and then sent back."

Nevertheless, he has supported a proposed federal program of subsidies for local transit.

A Mass Transportation Act providing loans and grants of \$500 million over the next three years to states and public bodies for buying, building or improving facilities and equipment is being pushed.

### Initiative threatened

Opponents point out that this, like many other federal programs, would likely discourage private initiative in the transit area and encourage public operation of transit. Though it is labeled a national problem, mass transit complications are mainly found in the cities that have over a million population. This raises the question of whether the problems of these few cities are a federal responsibility.

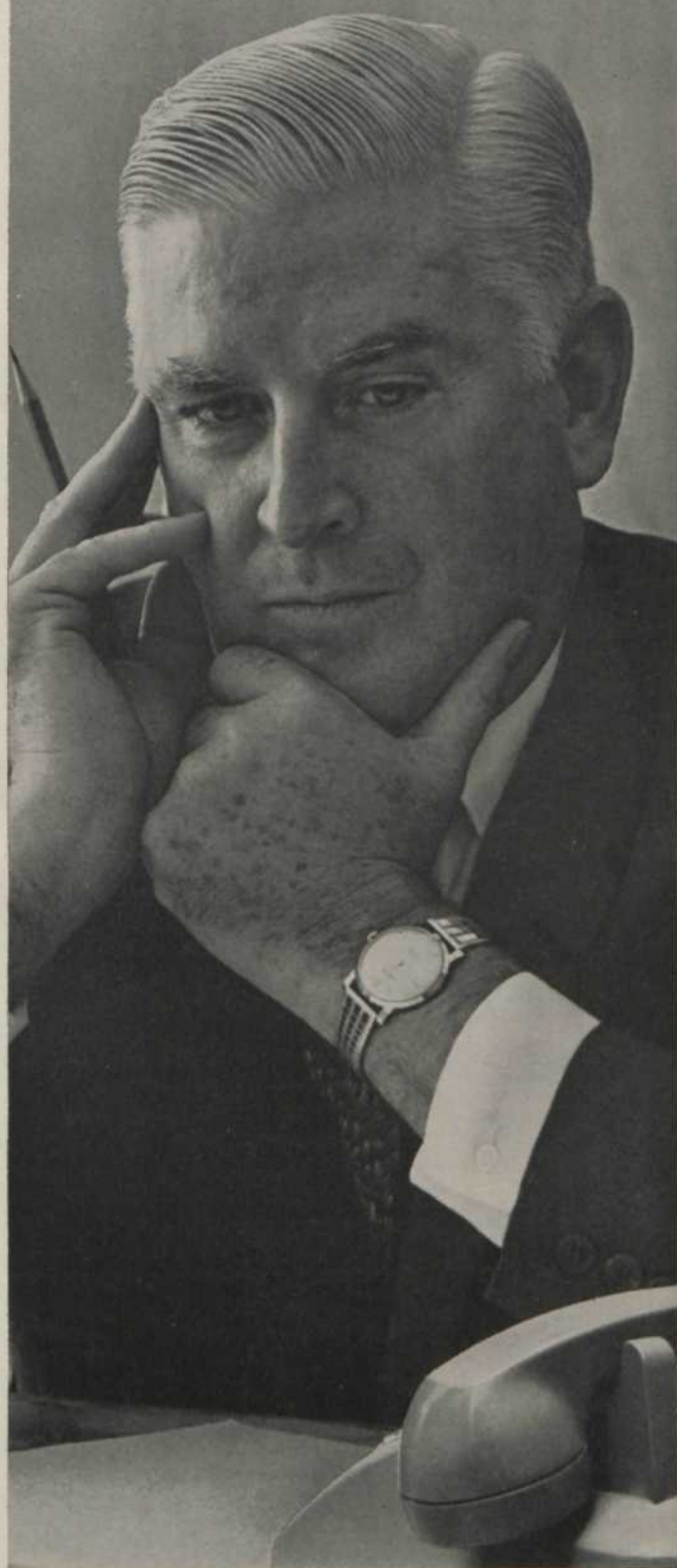
Despite the expensive price tag on the program, opponents say that \$500 million would barely cover the cost of capital improvements for a few of the metropolitan transportation systems. New York City alone has an investment of nearly \$2.4 billion in its municipally owned transit system.

The answer to mass transportation, in the judgment of many public officials, is in local action with coordination by local and state groups; otherwise the federal mass transportation program for cities could become an expensive urban counterpart of the federal farm program.

END



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# WASHINGTON SLEPT HERE • 2

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The District of Columbia has the only federally run automobile inspection service in the nation. It's a compulsory service.

The two inspection stations are open five days a week from 7:30 a. m. to 3:30 p. m.

Now they plan a limited experiment with Saturday service. It was tried before, and abandoned.

Seventeen years ago the federal inspectors worked a few Saturdays. The response was startling. Thousands of motorists, who for years had been forced to take time off from their jobs because of the inspectors' hours, jammed the two stations on Saturday.

The public's appreciation of this new convenience was apparent. But it was found to be inconvenient for the inspectors. So the Saturday opening idea was dropped. It worked too well.

That's how Washington takes care of its own problems.

Want it to take care of your city?

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Nation's Business • April 1963



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